

**mariconfident**

**maricollaborative**

**mariconsistent**

**mariconscious**

**maricourageous**

**mariconnected**

**maricommitted**

**maricompassionate**

# INDEX

<b>01 MARICO BANGLADESH LIMITED (MBL)</b>	
Company Information .....	1
Independent Auditor's Report .....	2
Statement of Financial Position .....	6
Statement of Profit and Loss and other Comprehensive Income ...	7
Statement of Changes in Equity .....	8
Statement of Cash Flow .....	9
Notes to the Financial Statements .....	10
<b>02 MBL INDUSTRIES LIMITED (MBLIL)</b>	
Company Information .....	57
Independent Auditor's Report .....	58
Statement of Financial Position .....	60
Statement of Profit and Loss and other Comprehensive Income...	61
Statement of Changes in Equity .....	62
Statement of Cash Flow .....	63
Notes to the Financial Statements .....	64
<b>03 MARICO MIDDLE EAST FZE (MME)</b>	
Company Information .....	71
Independent Auditor's Report .....	72
Consolidated Statement of Financial Position .....	74
Consolidated Statement of Profit and Loss and other Comprehensive Income.....	75
Consolidated Statement of Changes in Equity .....	76
Consolidated Statement of Cash Flow .....	77
Notes to the Financial Statements .....	78
<b>04 MEL CONSUMER CARE S.A.E. (MELCC)</b>	
Company Information .....	101
Independent Auditor's Report .....	102
Balance Sheet .....	104
Separate Income Statement .....	105
Statement of Comprehensive Income .....	106
Separate Statement of Changes in shareholder's Equity ....	107
Statement of Cash Flow .....	108
Notes to the Separate Financial Statements .....	109
<b>05 MARICO EGYPT FOR INDUSTRIES S.A.E. (MEIC)</b>	
Company Information .....	129
Independent Auditor's Report .....	130
Statement of Financial Position .....	132
Income Statement.....	133
Statement of Comprehensive Income .....	134
Statement of Changes in Equity .....	135
Statement of Cash Flow .....	136
Notes to the Financial Statements .....	137
<b>06 MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)</b>	
Company Information .....	157
Independent Auditor's Report .....	158
Consolidated and Separate Statements of Financial Position.....	160
Consolidated and Separate Statements of Profit and Loss and Other Comprehensive Income.....	161
Consolidated and Separate Statements of Changes in Equity.....	162
Consolidated and Separate Statements of Cash Flow .....	163
Notes to the Consolidated and Separate Financial Statements .....	164
<b>07 MARICO SOUTH AFRICA (PTY) LIMITED (MSA)</b>	
Company Information .....	197
Independent Auditor's Report .....	198
Statement of Financial Position .....	200
Statement of Comprehensive Income .....	201
Statement of Changes in Equity .....	202
Statement of Cash Flow .....	203
Notes to the Financial Statements .....	204
<b>08 MARICO MALAYSIA SDN. BHD. (MMSB)</b>	
Company Information .....	235
Independent Auditor's Report .....	236
Statement of Financial Position .....	238
Statement of Comprehensive Income .....	239
Statement of Changes in Equity .....	240
Statement of Cash Flow .....	241
Notes to the Financial Statements .....	242
<b>09 MARICO SOUTH EAST ASIA CORPORATION (MSEA)</b>	
Company Information .....	249
Independent Auditor's Report .....	250
Balance Sheet .....	252
Statement of Income.....	254
Statement of Cash Flow .....	255
Notes to the Financial Statements.....	257

<b>10 MARICO INNOVATION FOUNDATION (MIF)</b>	
Company Information .....	273
Independent Auditors' Report .....	274
Balance Sheet .....	276
Statement of Income and Expenditure .....	277
Cash Flow Statement .....	278
Notes to the Financial Statements .....	279
<b>11 MARICO FOR CONSUMER CARE PRODUCTS</b>	
<b>S.A.E. (MFCC)</b>	
Company Information .....	283
Independent Auditor's Report .....	284
Statement of Financial Position .....	286
Income Statement.....	287
Statement of Comprehensive Income .....	288
Statement of Changes in Equity .....	289
Statement of Cash Flow .....	290
Notes to the Financial Statements.....	291
<b>12 PARACHUTE KALPAVRIKSHA FOUNDATION (PKF)</b>	
Company Information .....	317
Independent Auditor's Report .....	318
Balance Sheet .....	322
Income and Expenditure Statement .....	323
Statement of Cash Flow .....	324
Notes to the Financial Statements.....	325
<b>13 MARICO LANKA (PRIVATE) LIMITED</b>	
Company Information .....	331
Independent Auditor's Report .....	332
Statement of Financial Position .....	334
Statement of Profit and Loss .....	335
Statement of Changes in Equity .....	336
Statement of Cash Flow .....	337
Notes to the Financial Statements.....	338
<b>14 ZED LIFESTYLE PRIVATE LIMITED (ZED)</b>	
Company Information .....	347
Independent Auditor's Report .....	348
Balance Sheet .....	354
Statement of Profit and Loss .....	355
Cash Flow Statement .....	356
Statement of Changes In Equity.....	358
Notes to the Financial Statements.....	359

# MARICO BANGLADESH LIMITED (MBL)

<b>BOARD OF DIRECTORS (AS ON MARCH 31, 2021)</b>	Mr. Saugata Gupta Mr. Ashish Goupal Ms. Rokia Afzal Rahman Mr. Masud Khan Mr. Barrister Ashraful Hadi Mr. Zakir Ahmad Khan Ms. Parveen Mahmud Mr. Sanjay Mishra Mr. Vivek Karve Mr. Pawan Agrawal	Chairman Managing Director Independent Director (until September 22, 2020) Independent Director (until September 22, 2020) Independent Director Independent Director (w.e.f. August 31, 2020) Independent Director (w.e.f. August 31, 2020) Director Director (until September 10, 2020) Director (w.e.f. September 10, 2020)
<b>MANAGEMENT TEAM</b>	Mr. Ashish Goupal Mr. Elias Ahmed Mr. Md. Saiful Alam Mr. Allen Ebenezer Eric Mr. Ashish Mane Mr. Sabbir Al Harun Mr. Md. Habibur Rahman Ms. Christabel Randolph Mr. Rashed Sarwar	Managing Director Chief Financial Officer Director - Manufacturing Director - Marketing Director - Human Resources Director - Sales Director - Supply Chain Director - Legal & Corporate Affairs Director Sales – Emerging Channels and Sales Strategy
<b>COMPANY SECRETARY</b>	Ms. Christabel Randolph	
<b>REGISTERED OFFICE</b>	House-1, Road-1, Sector-1, Uttara, Dhaka-1230, Bangladesh	
<b>CORPORATE OFFICE</b>	The Glass House, Level-06, Plot. 02, Block. SE (B), Gulshan Avenue, Dhaka- 1212, Telephone: +88 (02) 9897180, Fax: +88 (02) 9897140	
<b>OUR FACTORIES</b>	<b>Factory 1:</b> Mouchak, Kaliakoir, Gazipur <b>Factory 2:</b> Shirirchala, Mahona Bhabanipur, Gazipur	
<b>STATUTORY AUDITORS</b>	M/s Rahman & Rahman Huq & Co.	
<b>HEAD OF INTERNAL AUDIT &amp; COMPLIANCE</b>	Mr. Atiar Rahman	
<b>LEGAL ADVISORS</b>	Dr. Kamal Hossain and Associates Tanjib Alam & Associates Mustafizur Rahman Khan and Associates	
<b>PRINCIPAL BANKERS</b>	Standard Chartered Bank HSBC Citibank NA	
<b>STOCK INFORMATION</b>	Dhaka Stock Exchange Chittagong Stock Exchange Stock Code: MARICO ISIN: BD0481MRICO6 Sector: Pharmaceuticals & Chemicals	
<b>INVESTOR RELATIONS</b>	Telephone: +88 (02) 9897180, Ext.: 661 Fax: +88 (02) 9897140 Email: <a href="mailto:secretarial.mbl@marico.com">secretarial.mbl@marico.com</a> Website: <a href="http://www.marico.com/bangladesh">www.marico.com/bangladesh</a>	
<b>DATE OF INCORPORATION</b>	September 6, 1999	



## INDEPENDENT AUDITOR’S REPORT

To the Shareholders of Marico Bangladesh Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Marico Bangladesh Limited (“the Company”), which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### Basis for Opinion

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

#### Key Audit Matters

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

#### 1. Revenue recognition

See note 5 to the financial statements

The key audit matter	How the matter was addressed in our audit
<p>Revenue recognition has significant and wide influence on financial statements.</p> <p>Revenue is recognised when the amounts and the related costs are reliably measured, and the performance obligation is complete through passing of control to the customers. Revenue from the sale of goods is recognised at the time when the goods are delivered to the customer. The Company makes most of the sales after receiving advance payment. The sales of the Company are derived from a large number of distributors located over the country with relatively small amount of transactions. Revenue is measured at net of discounts and incentives earned by customers.</p> <p>We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Company and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>• We understood, evaluated and validated the key controls related to the Company’s sales process from end to end, from contracts approval and sign-off, recording of sales, all the way through to cash receipts and customers’ outstanding balances.</li> <li>• We have tested the sales cut-off at the close to the period-end to ensure the completeness of revenue recognised in financial statements by reviewing relevant supporting documents regarding the appropriateness of recording sales made in the current and subsequent accounting period</li> <li>• We conducted substantive testing of revenue recorded over the period using sampling techniques, by examining the relevant supporting documents including customer acknowledged sales invoices, VAT Challans and outbound delivery note. We also confirmed customer balances at the statement of financial position date.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT

The key audit matter	How the matter was addressed in our audit
<p>Confirmation documents of dispatching goods were provided by listed transporting agencies based on different locations. There is a risk of differences between the timing of invoicing of products and delivery of the products to the company's customers. Accordingly, there could be potential misstatements that these revenue transactions are not recognised in the correct reporting period.</p> <p>Due to the complexities and the inherent risk of manipulation in revenue recognition, we determined this to be a key audit matter.</p> <p>The company has reported total revenue of BDT 11,307 million (31 March 2020: BDT 9,796 million) in current year.</p>	<ul style="list-style-type: none"> <li>We have assessed the completeness of trade spends by obtaining relevant supporting documentation or calculation for discounts and rebates settled during the year.</li> <li>We confirmed certain customers' receivable balances at the balance sheet date, selected on a sample basis by considering the amounts outstanding with those customers.</li> </ul>

### 2. Existence and valuation of inventory

See note 19 to the financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Company had inventory of BDT 1,980 million (31 March 2020: BDT 1,632 million) as at 31 March 2021, held at plants, warehouses, depots and third-party locations and across multiple product lines.</p> <p>Inventories are kept and distributed from different location of the Country which increase the susceptibility of lost and misappropriation of inventories. Hence existence of inventories had been considered as key audit matter.</p>	<p>Our audit procedures were designed to confirm the existence of inventories and to challenge the adequacy of the Company's provisions against inventory included:</p> <ul style="list-style-type: none"> <li>Evaluating the design and implementation of key inventory controls operating across the Company, including those at a sample of distribution centres, warehouses and depots;</li> <li>Attending inventory counts to check the existence and reconciling the count results to the inventory listings to test the completeness of data;</li> </ul>

### Other Information

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

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

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

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

## INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

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

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

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

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

## INDEPENDENT AUDITOR'S REPORT

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

### Report on Other Legal and Regulatory Requirements

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

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

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

**M Mehedi Hasan, Partner, Enrolment number: 1000**

**Rahman Rahman Huq, Chartered Accountants**

Firm Registration Number: N/A

Dhaka, 02 May 2021

DVC:2105031000AS449448

MARICO BANGLADESH LIMITED (MBL)

**STATEMENT OF FINANCIAL POSITION**

As at 31 March, 2021

Particulars	Notes	As at March 31,	
		2021 Taka	2020 Taka
<b>Assets</b>			
Property, plant and equipment	14(A)	771,868,265	646,996,533
Intangible assets	15	226,084	1,629,290
Right-of-use assets	16	164,593,633	175,398,286
Deferred tax assets	13(B)	19,167,902	47,345,641
Advances, deposits and prepayments	17	412,773,542	22,687,928
Other financial assets	18	304,664,442	449,448
<b>Non-current assets</b>		<b>1,673,293,868</b>	<b>894,507,126</b>
Inventories	19	1,980,451,778	1,632,102,325
Advances, deposits and prepayments	17	133,405,058	601,458,728
Other financial assets	18	1,574,484,466	1,423,654,628
Cash and cash equivalents	20	396,404,261	420,407,014
Assets held for sale	14(B)	35,865,465	35,865,465
<b>Current assets</b>		<b>4,120,611,028</b>	<b>4,113,488,160</b>
<b>Total assets</b>		<b>5,793,904,896</b>	<b>5,007,995,286</b>
<b>Equity</b>			
Share capital	21	315,000,000	315,000,000
Share premium	21	252,000,000	252,000,000
Retained earnings		1,069,572,396	820,680,232
<b>Total equity</b>		<b>1,636,572,396</b>	<b>1,387,680,232</b>
<b>Liabilities</b>			
Employee benefits	22	32,262,856	85,861,639
Lease liabilities	23	122,256,724	167,728,340
<b>Non-current liabilities</b>		<b>154,519,580</b>	<b>253,589,979</b>
Loans and borrowings	24	250,000,000	-
Employee benefits	22	21,018,917	6,516,576
Trade and other payables	25	3,082,900,365	2,711,929,259
Lease liabilities	23	44,634,210	42,836,393
Current tax liabilities	26	604,259,428	605,442,847
<b>Current liabilities</b>		<b>4,002,812,920</b>	<b>3,366,725,075</b>
<b>Total liabilities</b>		<b>4,157,332,500</b>	<b>3,620,315,054</b>
<b>Total equity and liabilities</b>		<b>5,793,904,896</b>	<b>5,007,995,286</b>

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

\_\_\_\_\_  
Managing Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Company Secretary

As per Our report of same date

**Auditors**

M Mehedi Hasan, Partner  
Enrolment number :1000  
Rahman Rahman Huq  
Chartered accountants  
KPMG in Bangladesh  
Firm Registration number:N/A  
DVC: 2105031000AS449448

Dhaka, 02 May 2021

MARICO BANGLADESH LIMITED (MBL)

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

For the year ended 31 March

Particulars	Notes	For the year ended March 31,	
		2021 Taka	2020 Taka
Revenue	5	11,306,519,256	9,795,911,357
Cost of sales	6	(4,638,784,672)	(4,133,231,362)
<b>Gross profit</b>		<b>6,667,734,584</b>	<b>5,662,679,995</b>
Other income	9.1	63,392,805	9,781,005
General and administrative expenses	7	(1,087,380,800)	(955,785,373)
Marketing, selling and distribution expenses	8	(1,358,266,457)	(1,147,745,067)
Other expenses	9.2	(788,185)	(2,087,838)
<b>Operating profit</b>		<b>4,284,691,947</b>	<b>3,566,842,722</b>
Finance income	10.1	149,398,274	239,693,041
Finance costs	10.2	(18,912,816)	(46,447,617)
<b>Net finance income</b>		<b>130,485,458</b>	<b>193,245,424</b>
<b>Profit before contribution to WPPF</b>		<b>4,415,177,405</b>	<b>3,760,088,146</b>
Contribution to WPPF	11	(220,758,870)	(188,004,407)
<b>Profit before tax</b>		<b>4,194,418,535</b>	<b>3,572,083,739</b>
Income tax expenses	13	(1,085,738,503)	(925,845,292)
<b>Profit for the year</b>		<b>3,108,680,032</b>	<b>2,646,238,447</b>
Other comprehensive income			
Remeasurements of defined benefit liability	22.4	(13,931,056)	(21,693,272)
Related tax	13(B)	(10,856,812)	5,423,318
Other comprehensive income/(loss) for the year, net of tax		(24,787,868)	(16,269,954)
<b>Total comprehensive income for the year</b>		<b>3,083,892,164</b>	<b>2,629,968,493</b>
<b>Earnings per share</b>	12	<b>98.69</b>	<b>84.01</b>
Basic and diluted earnings per share (per value of Tk 10)			

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

\_\_\_\_\_  
Managing Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Company Secretary

As per Our report of same date

**Auditors**

M Mehedi Hasan, Partner  
Enrolment number :1000  
Rahman Rahman Huq  
Chartered accountants  
KPMG in Bangladesh  
Firm Registration number:N/A  
DVC: 2105031000AS449448

Dhaka, 02 May 2021

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

Particulars	Note	Attributable to owners of the Company			Total Taka
		Share capital Taka	Share premium Taka	Retained earnings Taka	
<b>Balance at 1 April 2019</b>		315,000,000	252,000,000	735,135,754	1,302,135,754
Adjustment on initial application of IFRS 16	-	-	-	(24,424,015)	(24,424,015)
Adjusted balance at 1 April 2019		315,000,000	252,000,000	710,711,739	1,277,711,739
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	-	2,646,238,447	2,646,238,447
Other comprehensive income/(loss) for the year	-	-	-	(16,269,954)	(16,269,954)
<b>Total comprehensive income for the year</b>				<b>2,629,968,493</b>	<b>2,629,968,493</b>
<b>Transactions with owners of the Company</b>					
Contributions and distributions					
Final dividend for the year 2018-2019	32	-	-	(157,500,000)	(157,500,000)
First interim dividend for the year 2019-2020	32	-	-	(787,500,000)	(787,500,000)
Second interim dividend for the year 2019-2020	32	-	-	(630,000,000)	(630,000,000)
Third interim dividend for the year 2019-2020	32	-	-	(945,000,000)	(945,000,000)
<b>Total transactions with owners of the Company</b>				<b>(2,520,000,000)</b>	<b>(2,520,000,000)</b>
Balance at 31 March 2020		315,000,000	252,000,000	820,680,232	1,387,680,232
<b>Balance at 1 April 2020</b>		315,000,000	252,000,000	820,680,232	1,387,680,232
Total comprehensive income for the year					
Profit for the year	-	-	-	3,108,680,032	3,108,680,032
Other comprehensive loss for the year	-	-	-	(24,787,868)	(24,787,868)
<b>Total comprehensive income for the year</b>				<b>3,083,892,164</b>	<b>3,083,892,164</b>
<b>Transactions with owners of the Company</b>					
Contributions and distributions					
Final dividend for the year 2019-2020	32	-	-	(630,000,000)	(630,000,000)
First interim dividend for the year 2020-2021	32	-	-	(945,000,000)	(945,000,000)
Second interim dividend for the year 2020-2021	32	-	-	(630,000,000)	(630,000,000)
Third interim dividend for the year 2020-2021	32	-	-	(630,000,000)	(630,000,000)
<b>Total transactions with owners of the Company</b>				<b>(2,835,000,000)</b>	<b>(2,835,000,000)</b>
<b>Balance at 31 March 2021</b>		<b>315,000,000</b>	<b>252,000,000</b>	<b>1,069,572,396</b>	<b>1,636,572,396</b>

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

## STATEMENT OF CASH FLOWS

For the year ended 31 March

Particulars	For the year ended March 31,		
	Note	2021 Taka	2020 Taka
<b>Cash flows from operating activities</b>			
Collection from customers and others		11,385,285,072	9,712,840,558
Payment to suppliers and for operating expenses		(7,177,510,122)	(6,099,313,985)
<b>Cash generated from operating activities</b>		<b>4,207,774,950</b>	<b>3,613,526,573</b>
Interest paid		(2,111,958)	(18,266,324)
Interest received		168,546,826	184,735,625
Income tax paid	26.2	(1,069,600,995)	(767,038,160)
<b>Net cash from operating activities</b>		<b>3,304,608,823</b>	<b>3,012,957,714</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(241,574,664)	(320,280,709)
Proceeds from sale of property, plant and equipment		459,661	1,142,977
Net proceeds from investments in treasury bond		11,334,400	-
(Investment in)/encashment of fixed deposit	18	(447,974,722)	741,184,316
<b>Net cash from/(used in) investing activities</b>		<b>(677,755,325)</b>	<b>422,046,584</b>
<b>Cash flows from financing activities</b>			
Net proceeds/(repayment) of loans and borrowings		250,000,000	(200,000,000)
Payment of lease liabilities	23	(66,040,839)	(47,728,849)
Dividend paid	21.6	(2,835,000,000)	(3,150,000,000)
<b>Net cash used in financing activities</b>		<b>(2,651,040,839)</b>	<b>(3,397,728,849)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(24,187,341)</b>	<b>37,275,449</b>
<b>Cash and cash equivalents at 1 April</b>	20	<b>420,407,014</b>	<b>382,661,779</b>
Effect of movement in exchange rate on cash held		184,588	469,786
<b>Cash and cash equivalents at 31 March</b>	20	<b>396,404,261</b>	<b>420,407,014</b>

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



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

### 1. Reporting entity

#### 1.1 Company profile

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

#### 1.2 Nature of business

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

### 2. Basis of preparation

#### 2.1 Statement of compliance

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

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

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

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

Details of the Company's accounting policies including changes during the year, if any, are included in Note 43.

#### 2.2 Authorisation for issue

These financial statements are authorised for issue by the Board of Directors in its 114th Board of Directors meeting held on 27th April 2021.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

### 2.3 Reporting period

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

### 2.4 Comparative and reclassification

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

### 3. Functional and presentation currency

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

### 4. Use of judgements and estimates

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

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

#### (a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 16 Right-of-use assets

Note 23 Lease liabilities

#### (b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 March 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 13 (B) Deferred tax assets

Note 14 Property, plant and equipment

Note 15 Intangible assets

Note 19 & Note 43.5 Inventories

Note 22 Employee benefits

Note 26 Current tax liabilities

Note 31 Contingent liabilities

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

### 5. Revenue

See accounting policy in Note 43.13.

Particulars	For the year ended	
	31 March 2021	31 March 2020
	Taka	Taka
Parachute coconut oil	6,989,061,972	6,363,063,211
Value added hair oil (VAHO)	3,217,578,897	2,623,452,312
Color	59,956,898	58,427,272
Beauty and health	394,293,853	143,813,615
Baby care	167,018,736	92,895,028
Others*	478,608,900	514,259,919
	<b>11,306,519,256</b>	<b>9,795,911,357</b>

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

#### 5.1 Breakup of local/export revenue

Particulars	For the year ended	
	31 March 2021	31 March 2020
	Taka	Taka
Revenue from domestic operation	11,204,414,624	9,739,989,481
Revenue from export	102,104,632	55,921,876
	<b>11,306,519,256</b>	<b>9,795,911,357</b>

### 6. Cost of sales

Particulars	Note	For the year ended	
		31 March 2021	31 March 2020
		Taka	Taka
Opening stock of finished goods		204,518,577	266,208,457
Cost of goods manufactured	6.1	4,738,500,435	4,071,541,482
		<b>4,943,019,012</b>	<b>4,337,749,939</b>
Closing stock of finished goods		(304,234,340)	(204,518,577)
		<b>4,638,784,672</b>	<b>4,133,231,362</b>

#### 6.1 Cost of goods manufactured

Particulars	Note	For the year ended	
		31 March 2021	31 March 2020
		Taka	Taka
Materials consumed	6.1.1	4,413,812,216	3,814,194,001
Factory overhead	6.1.2	324,688,219	257,347,481
		<b>4,738,500,435</b>	<b>4,071,541,482</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

### 6.1.1 Materials consumed

Particulars	For the year ended	
	31 March 2021	31 March 2020
	Taka	Taka
Opening stock of raw materials, packing materials and others	1,427,583,748	825,286,296
Purchases during the period	4,662,445,906	4,416,491,453
Closing stock of raw materials, packing materials and others	(1,676,217,438)	(1,427,583,748)
	<b>4,413,812,216</b>	<b>3,814,194,001</b>

### 6.1.2 Factory overhead

Particulars	Note	For the year ended	
		31 March 2021	31 March 2020
		Taka	Taka
Communication expenses		538,298	580,557
Cost of outsourced human resources		89,744,207	60,608,527
Depreciation	14C	76,519,075	57,562,213
Entertainment		6,790,880	6,342,365
Power expenses		68,309,362	61,040,643
Printing and stationery		1,461,912	1,383,830
Repairs and maintenance		18,316,909	16,056,202
Salaries and allowances		42,805,027	41,303,892
Security charges		6,349,264	5,749,746
Travelling and conveyance		5,298,638	6,120,084
Warehouse rent		8,554,647	599,422
		<b>324,688,219</b>	<b>257,347,481</b>

### 7. General and administrative expenses

Particulars	Note	For the year ended	
		31 March 2021	31 March 2020
		Taka	Taka
Salaries and allowances		539,113,408	502,054,025
Gratuity		28,873,710	18,012,145
Rent, rates and taxes		8,381,941	6,386,072
Professional and legal charges		35,442,134	24,220,666
Security charges		1,565,877	2,092,055
Stamp and license fees		12,021,425	7,528,419
Directors' fees		1,027,340	996,670
Directors' remuneration		29,516,834	25,099,806
Repair and maintenance		14,701,731	8,199,777
Communication expenses		4,879,626	5,131,226
Subscription to trade association		527,095	395,309
Entertainment		20,562,535	20,669,251

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

Particulars	Note	For the year ended	
		31 March 2021	31 March 2020
		Taka	Taka
Printing and stationery		2,727,234	2,504,357
Vehicle running expenses		19,736,650	18,622,305
Travelling and conveyance - local		7,552,089	10,231,233
Travelling and conveyance - foreign		552,840	8,368,217
Audit fees		1,300,000	1,650,000
Insurance premium		22,208,026	8,521,938
Bank charges		7,737,860	3,495,656
AGM and public relation		7,643,379	2,153,868
Conference and training		6,059,731	9,075,016
Electricity and gas charges		503,495	2,291,517
Amortisation		1,403,206	2,017,794
Royalty		107,135,381	92,971,017
Depreciation	14C	37,729,427	35,123,539
Depreciation on right-of-use asset	16	46,434,480	37,432,890
General and technical assistance fees		86,547,962	72,443,188
Listing fees		315,000	315,000
CSR project*		32,767,263	26,062,155
Impairment loss/(reversal of impairment) of PPE		2,413,121	1,720,262
		<b>1,087,380,800</b>	<b>955,785,373</b>

\* Marico Bangladesh Limited is continuing the corporate social responsibility (CSR) project during FY 2021 with UNDP. MBL and UNDP are implementing project "SWAPNO" from 1 September 2018 as per agreed project proposal & extension of that and in line with the policies, strategies and guidelines of Government of Bangladesh (GoB) and MBL. The beneficiaries of the project are underprivileged women. The project is continuing to run as of 31 March 2021.

### 8. Marketing, selling and distribution expenses

Particulars	For the year ended	
	31 March 2021	31 March 2020
	Taka	Taka
Advertisement, travelling and communication expenses	1,076,441,043	871,929,639
Business promotion expenses	24,288,337	28,479,181
Entertainment	4,864,870	5,607,991
Free sample	14,294,598	8,588,555
Freight- outward	90,198,969	77,524,049
Market research expenses	84,357,541	90,405,726
Others selling and distribution expenses	63,821,099	65,209,926
	<b>1,358,266,457</b>	<b>1,147,745,067</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

### 9. Other income/(expense)

Particulars	Note	For the year ended	
		31 March 2021	31 March 2020
		Taka	Taka
Other income	9.1	63,392,805	9,781,005
Other expenses	9.2	(788,185)	(2,087,838)
		<b>62,604,620</b>	<b>7,693,167</b>

#### 9.1 Other income

Particulars	For the year ended	
	31 March 2021	31 March 2020
	Taka	Taka
Gain on sale of property, plant and equipment	417,179	620,017
Insurance claim	17,086,621	304,164
Gain on lease modification and cancellation	23,065,477	-
Gain on cessation of liability	1,590,874	-
Gain on disposal of treasury bond	11,334,400	-
Sale of raw and packing materials	33,060	-
Scrap sales	9,865,194	8,856,824
	<b>63,392,805</b>	<b>9,781,005</b>

#### 9.2 Other expenses

Particulars	For the year ended	
	31 March 2021	31 March 2020
	Taka	Taka
Loss on sale of property, plant and equipment	(788,185)	(2,087,838)
	<b>(788,185)</b>	<b>(2,087,838)</b>

### 10. Net finance income

Particulars	Note	For the year ended	
		31 March 2021	31 March 2020
		Taka	Taka
Finance income	10.1	149,398,274	239,693,041
Finance costs	10.2	(18,912,816)	(46,447,617)
		<b>130,485,458</b>	<b>193,245,424</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2021

**10.1 Finance income**

See accounting policy in Note 43.14(i)

Particulars	For the year ended	
	31 March 2021	31 March 2020
	Taka	Taka
Interest on fixed deposits	125,251,890	233,792,829
Interest on call deposits	23,795,137	5,534,098
Interest on staff loan	146,700	366,114
Good borrower rebate	204,547	-
	<b>149,398,274</b>	<b>239,693,041</b>

**10.2 Finance costs**

See accounting policy in Note 43.14(ii)

Particulars	For the year ended	
	31 March 2021	31 March 2020
	Taka	Taka
Interest on overdraft and loans	(2,962,773)	(17,657,581)
Foreign exchange gain/(loss)	(4,162,703)	(15,892,984)
Interest on lease	(11,787,340)	(12,897,052)
	<b>(18,912,816)</b>	<b>(46,447,617)</b>

**11. Contribution to WPPF**

Particulars	For the year ended	
	31 March 2021	31 March 2020
	Taka	Taka
Profit before contribution to WPPF	4,415,177,405	3,760,088,146
Applicable contribution rate	5%	5%
	<b>220,758,870</b>	<b>188,004,407</b>

The Company operates a fund for workers as workers' profit participation and welfare fund and provides 5% of its profit before workers' profit participation fund (WPPF) and tax as per provision of the Bangladesh Labour Act 2006. Please see note 43.9(iv)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

### 12. Earnings per share

#### 12.1 Basic earnings per share

Particulars	For the year ended	
	31 March 2021	31 March 2020
	Taka	Taka
Profit attributable to ordinary shareholders (net profit after tax)	3,108,680,032	2,646,238,447
Weighted average number of ordinary shares outstanding during the year	31,500,000	31,500,000
Earnings per share (EPS) in Taka	<b>98.69</b>	<b>84.01</b>

#### 12.2 Diluted earnings per share

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

### 13. Income tax expense

See accounting policy in note 43.12

Particulars	For the year ended	
	31 March 2021	31 March 2020
	Taka	Taka
<b>Current tax expenses</b>		
Current year	1,068,417,576	908,685,699
Adjustment for prior years	-	3,426,973
	1,068,417,576	912,112,672
Deferred tax expense/(income)	17,320,927	13,732,620
	<b>1,085,738,503</b>	<b>925,845,292</b>

#### A. Reconciliation of effective tax rate

Particulars	31 March 2021		31 March 2020	
	%	Taka	%	Taka
Profit before income tax		4,194,418,535		3,572,083,739
Income tax using the corporate tax rate	25%	1,048,604,634	25%	893,020,935
Factors affecting the tax charge for current period:				
Short of fiscal depreciation and amortisation over that of accounting	-0.09%	(3,689,161)	-0.36%	(13,022,477)
Disallowance for excess perquisites	0.29%	12,128,937	0.23%	8,213,048
Short of gratuity payment over gratuity provision	-0.37%	(15,428,416)	-0.02%	(624,998)



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

Particulars	31 March 2021		31 March 2020	
	%	Taka	%	Taka
Tax impact of leave encashment provision over actual payment	0.05%	2,121,108	-0.01%	(347,200)
Disallowance for contribution to not government approved CSR project	0.12%	4,915,089	0.11%	3,909,323
Impairment loss of property, plant and equipment	0.01%	603,280	0.01%	430,065
Allowance for exemption of export income	-0.12%	(4,860,969)	-0.07%	(2,608,590)
Other inadmissible expenses	0.52%	21,687,153	0.55%	19,715,593
Adjustment for prior years	-	-	0.10%	3,426,973
Foreign exchange loss	0.02%	1,040,676	0.00%	-
Depreciation on leased assets	0.28%	11,608,620	0.00%	-
Interest on lease liabilities	0.07%	2,946,835	0.00%	-
Actual rent on leased assets	-0.32%	(13,260,210)	0.00%	-
Deferred tax expense	0.41%	17,320,927	0.38%	13,732,620
<b>Total income tax expense</b>	<b>25.89%</b>	<b>1,085,738,503</b>	<b>25.92%</b>	<b>925,845,292</b>

### B. Movement in deferred tax balances

31 March 2021

Particulars TAKA	Net balance at 1 April 2020	Recognised in profit/loss)	Recognized in OCI	Net	Balance as at 31 March	
					Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	(10,351,960)	552,090	-	(9,799,870)	(9,799,870)	-
Intangible assets	(2,177,019)	(92,367)	-	(2,269,386)	(2,269,386)	-
Provision for gratuity*	(21,993,959)	11,137,147	10,856,812	-	-	-
Provision for leave encashment	(4,031,091)	(2,121,108)	-	(6,152,199)	(6,152,199)	-
RoU assets- Impact of IFRS 16	43,849,572	(3,073,286)	-	40,776,286	-	40,776,286
Lease liabilities- Impact of IFRS 16	(52,641,184)	10,918,451	-	(41,722,733)	(41,722,733)	-
<b>Net deferred tax (assets)/liabilities</b>	<b>(47,345,641)</b>	<b>17,320,927</b>	<b>10,856,812</b>	<b>(19,167,902)</b>	<b>(59,944,188)</b>	<b>40,776,286</b>

\* The gratuity fund has been approved by NBR on October 2020. Considering this, provision for gratuity has not been considered for deferred tax as at 31 March 2021.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

31 March 2020

Particulars	Net balance at 1 April 2019	Recognised in profit/ (loss)	Recognized in OCI	Net	Balance as at 31 March Deferred tax assets	Deferred tax liabilities
<b>TAKA</b>						
Property, plant and equipment	(26,910,451)	16,558,491	-	(10,351,960)	(10,351,960)	-
Intangible assets	(1,959,719)	(217,300)	-	(2,177,019)	(2,177,019)	-
Provision for gratuity	(14,265,143)	(2,305,498)	(5,423,318)	(21,993,959)	(21,993,959)	-
Provision for leave encashment	(4,378,291)	347,200	-	(4,031,091)	(4,031,091)	-
RoU assets- Impact of IFRS 16	45,329,406	(1,479,834)	-	43,849,572	-	43,849,572
Lease liabilities- Impact of IFRS 16	(53,470,745)	829,561	-	(52,641,184)	(52,641,184)	-
<b>Net deferred tax (assets)/liabilities</b>	<b>(55,654,943)</b>	<b>13,732,620</b>	<b>(5,423,318)</b>	<b>(47,345,641)</b>	<b>(91,195,213)</b>	<b>43,849,572</b>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

14. Property, plant and equipment  
See accounting policies in notes 43.2  
A. Reconciliation of carrying amount

	Cost	Freehold land	Plant and machinery	Factory building	Office building	Office equipment	Computers	Furniture and fixtures	A.C and refrigerators	Assets under construction	Total
<b>Balance at 1 April 2019</b>	176,749,959	176,749,959	865,332,121	231,650,100	200,257,940	57,312,291	22,390,719	87,508,409	14,645,181	6,142,021	1,661,988,741
Additions	-	-	-	-	-	-	-	-	-	311,162,255	311,162,255
Transfer from asset under construction	-	-	151,087,851	-	105,193,618	6,076,048	6,124,678	11,488,906	11,253,600	(291,224,701)	-
Disposals	-	-	(27,957,729)	-	-	(6,802,399)	(770,873)	(390,159)	(3,487,632)	-	(39,408,792)
<b>Assets held for sale adjustment</b>	-	-	-	-	(136,844,485)	-	-	(23,356,261)	-	-	(160,200,746)
<b>Balance at 31 March 2020</b>	<b>176,749,959</b>	<b>176,749,959</b>	<b>988,462,243</b>	<b>231,650,100</b>	<b>168,607,073</b>	<b>56,585,940</b>	<b>27,744,524</b>	<b>75,250,895</b>	<b>22,411,149</b>	<b>26,079,575</b>	<b>1,773,541,458</b>
Balance at 1 April 2020	176,749,959	176,749,959	988,462,243	231,650,100	168,607,073	56,585,940	27,744,524	75,250,895	22,411,149	26,079,575	1,773,541,458
Additions	-	-	-	-	-	-	-	-	-	242,364,021	242,364,021
Transfer from asset under construction	-	-	79,822,078	-	38,512,790	17,143,100	7,514,418	10,213,098	2,377,323	(155,582,807)	-
Disposals	-	-	(3,466,687)	(457,950)	-	(695,700)	-	(464,542)	(304,434)	-	(5,389,313)
<b>Balance at 31 March 2021</b>	<b>176,749,959</b>	<b>176,749,959</b>	<b>1,064,817,634</b>	<b>231,192,150</b>	<b>207,119,863</b>	<b>73,033,340</b>	<b>35,258,942</b>	<b>84,999,451</b>	<b>24,484,038</b>	<b>112,860,789</b>	<b>2,010,516,166</b>
<b>Accumulated depreciation and impairment loss</b>											
<b>Balance at 1 April 2019</b>	-	-	709,261,476	196,297,104	152,623,406	49,478,270	16,824,297	57,878,394	10,909,237	-	1,193,272,184
Depreciation for the year	-	-	48,105,989	6,978,034	13,430,471	5,469,915	4,360,340	12,471,971	1,869,032	-	92,685,752
Impairment loss/(reversal)	-	-	1,927,809	158,107	-	41,417	-	(407,071)	-	-	1,720,262
Disposals	-	-	(26,054,419)	-	-	(6,602,712)	(754,574)	(343,491)	(3,042,796)	-	(36,797,992)
<b>Assets held for sale adjustment</b>	-	-	-	-	(105,997,772)	-	-	(18,337,509)	-	-	(124,335,281)
<b>Balance at 31 March 2020</b>	<b>-</b>	<b>-</b>	<b>733,240,855</b>	<b>203,433,245</b>	<b>60,056,105</b>	<b>48,386,890</b>	<b>20,430,063</b>	<b>51,262,294</b>	<b>9,735,473</b>	<b>-</b>	<b>1,126,544,925</b>
Balance at 1 April 2020	-	-	733,240,855	203,433,245	60,056,105	48,386,890	20,430,063	51,262,294	9,735,473	-	1,126,544,925
Depreciation for the year	-	-	66,615,174	6,323,743	7,122,203	12,991,453	5,412,363	12,435,524	3,348,042	-	114,248,502
Impairment loss/(reversal)	-	-	1,536,148	-	-	-	-	876,973	-	-	2,413,121
Disposals	-	-	(2,705,521)	(457,950)	-	(626,200)	-	(464,542)	(304,434)	-	(4,568,647)
<b>Balance at 31 March 2021</b>	<b>-</b>	<b>-</b>	<b>798,686,656</b>	<b>209,299,038</b>	<b>67,178,308</b>	<b>60,752,143</b>	<b>25,842,426</b>	<b>64,110,249</b>	<b>12,779,081</b>	<b>-</b>	<b>1,238,647,901</b>
<b>Carrying amounts</b>											
At 1 April 2019	176,749,959	176,749,959	156,070,645	35,352,996	47,634,534	7,834,021	5,566,422	29,630,015	3,735,944	6,142,021	468,716,557
At 31 March 2020	176,749,959	176,749,959	255,221,388	28,216,855	108,550,988	8,199,050	7,314,461	23,988,601	12,675,676	26,079,575	646,996,533
<b>At 31 March 2021</b>	<b>176,749,959</b>	<b>176,749,959</b>	<b>266,130,978</b>	<b>21,893,112</b>	<b>139,941,555</b>	<b>12,281,197</b>	<b>9,416,516</b>	<b>20,889,202</b>	<b>11,704,957</b>	<b>112,860,789</b>	<b>771,868,265</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

**B. Assets held for sale**

See accounting policy in note 43.18

Particulars	For the year ended 31 March	
	2021	2020
	Taka	Taka
Office building	30,846,713	30,846,713
Furniture and fixtures	5,018,752	5,018,752
	<b>35,865,465</b>	<b>35,865,465</b>

Office building at Uttara and furniture & fixtures have been classified as held for sale on 31 March 2020. Though MBL could not sale the asset within one year, MBL is searching for buyer in the market actively. So, the asset has remained as asset held for sale in this year.

**C. Allocation of depreciation**

Particulars	For the year ended 31 March	
	2021	2020
	Taka	Taka
Cost of sales	76,519,075	57,562,213
General and administrative expenses	37,729,427	35,123,539
	<b>114,248,502</b>	<b>92,685,752</b>

**15 Intangible assets**

See accounting policies in notes 43.3

Reconciliation of carrying amount

In Taka	Computer software	Total
<b>Cost</b>		
Balance at 1 April 2019	22,061,875	22,061,875
Addition during the year	-	-
<b>Balance at 31 March 2020</b>	<b>22,061,875</b>	<b>22,061,875</b>
Balance at 1 April 2020	22,061,875	22,061,875
Addition during the year	-	-
<b>Balance at 31 March 2021</b>	<b>22,061,875</b>	<b>22,061,875</b>
<b>Accumulated amortisation</b>		
Balance at 1 April 2019	18,414,791	18,414,791
Amortisation during the year	2,017,794	2,017,794
<b>Balance at 31 March 2020</b>	<b>20,432,585</b>	<b>20,432,585</b>
Balance at 1 April 2020	20,432,585	20,432,585
Amortisation during the year	1,403,206	1,403,206
<b>Balance at 31 March 2021</b>	<b>21,835,791</b>	<b>21,835,791</b>
<b>Carrying amounts</b>		
At 1 April 2019	3,647,084	3,647,084
At 31 March 2020	1,629,290	1,629,290
<b>At 31 March 2021</b>	<b>226,084</b>	<b>226,084</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

## 16 Right-of-use assets

See accounting policies in notes 43.4

## Reconciliation of carrying amount

In Taka	Buildings	Total
<b>Cost</b>		
Recognition of Right-of-use assets on initial application of IFRS-16	181,317,622	181,317,622
Addition during the year	31,513,554	31,513,554
Disposal during the year	-	-
<b>Balance at 31 March 2020</b>	<b>212,831,176</b>	<b>212,831,176</b>
Balance at 1 April 2020	212,831,176	212,831,176
Addition during the year	53,661,570	53,661,570
Disposal during the year	(25,160,571)	(25,160,571)
<b>Balance at 31 March 2021</b>	<b>241,332,175</b>	<b>241,332,175</b>
<b>Accumulated depreciation</b>		
Balance at 1 April 2019	-	-
Depreciation during the year	37,432,890	37,432,890
Disposal during the year	-	-
<b>Balance at 31 March 2020</b>	<b>37,432,890</b>	<b>37,432,890</b>
Balance at 1 April 2020	37,432,890	37,432,890
Depreciation during the year	46,434,480	46,434,480
Disposal during the year	(7,128,828)	(7,128,828)
<b>Balance at 31 March 2021</b>	<b>76,738,542</b>	<b>76,738,542</b>
<b>Carrying amounts</b>		
At 1 April 2019	181,317,622	181,317,622
At 31 March 2020	175,398,286	175,398,286
<b>At 31 March 2021</b>	<b>164,593,633</b>	<b>164,593,633</b>

## 17. Advances, deposits and prepayments

Particulars	For the year ended	
	31 March 2021	31 March 2020
	Taka	Taka
<b>Advances</b>		
Advance for capital goods	53,561,536	47,443,472
Advance to suppliers and others	459,992,329	496,832,058
	<b>513,553,865</b>	<b>544,275,530</b>
<b>Deposits</b>		
Security deposits	12,359,983	15,574,365
Value added tax (VAT) account	-	39,622,553
	<b>12,359,983</b>	<b>55,196,918</b>
<b>Prepayments</b>		
Prepaid expenses	20,264,752	24,674,208
	<b>546,178,600</b>	<b>624,146,656</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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

Particulars	For the year ended	
	31 March 2021	31 March 2020
	Taka	Taka
Current	133,405,058	601,458,728
Non-current	412,773,542	22,687,928
	<b>546,178,600</b>	<b>624,146,656</b>

### 18. Other financial assets

Particulars	Note	For the year ended	
		31 March 2021	31 March 2020
		Taka	Taka
Fixed deposits	18.2	1,737,974,722	1,290,000,000
Trade receivables		65,033,298	43,955,943
Loans to employees		6,814,738	1,673,431
Accrued interest		69,326,150	88,474,702
		<b>1,879,148,908</b>	<b>1,424,104,076</b>

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

Particulars	For the year ended	
	31 March 2021	31 March 2020
	Taka	Taka
Current	1,574,484,466	1,423,654,628
Non-current	304,664,442	449,448
	<b>1,879,148,908</b>	<b>1,424,104,076</b>

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

Particulars	Credit rating	For the year ended	
		31 March 2021	31 March 2020
		Taka	Taka
BRAC Bank Limited	AA1	200,000,000	120,000,000
IPDC Finance Limited	AAA	200,000,000	240,000,000
IDLC Finance Limited	AAA	280,000,000	-
Commercial Bank of Ceylon PLC	AAA	557,974,722	250,000,000
Standard Chartered Bank	AAA	-	610,000,000
Woori Bank	A1	500,000,000	-
Bank Alfalah	AA	-	70,000,000
		<b>1,737,974,722</b>	<b>1,290,000,000</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

### 19. Inventories

See accounting policy in Note 43.5.

Particulars	For the year ended	
	31 March 2021	31 March 2020
	Taka	Taka
Raw materials	1,039,689,041	965,403,374
Packing materials	224,187,805	183,301,649
Finished goods	304,234,340	204,518,577
Stores and spares	21,970,493	23,321,953
Materials in transit	390,370,099	255,556,772
	<b>1,980,451,778</b>	<b>1,632,102,325</b>

### 20. Cash and cash equivalents

See accounting policy in Note 43.6 (ii)(a).

Particulars	Note	For the year ended	
		31 March 2021	31 March 2020
		Taka	Taka
Bank balances	20.1	380,267,615	402,482,632
Bank balance for unclaimed dividend		16,136,646	17,924,382
		<b>396,404,261</b>	<b>420,407,014</b>

#### 20.1 Bank balances

Particulars	Credit rating	For the year ended	
		31 March 2021	31 March 2020
		Taka	Taka
BRAC Bank Limited	AA1	53,487,789	104,438,660
Citibank N.A.	A+	903,681	1,516,312
Islami Bank Bangladesh Limited	AAA	10,431,030	86,368,614
Sonali Bank Limited	A(AAA)	5,695,235	511,863
Standard Chartered Bank	AAA	169,738,861	83,691,017
The Hongkong and Shanghai Banking Corporation Ltd.	AAA	4,665,448	1,195,016
The City Bank Limited	AA2	1,479,975	124,761,150
Dutch Bangla Bank Limited	AA+	201,000	-
Eastern Bank Limited	AA+	133,664,596	-
		<b>380,267,615</b>	<b>402,482,632</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

### 21. Share capital and share premium

See accounting policy in Note 43.7.

#### 21.1 Share capital

Particulars	For the year ended	
	31 March 2021	31 March 2020
	Taka	Taka
<b>Authorised</b>		
40,000,000 ordinary shares of Tk 10 each	<b>400,000,000</b>	400,000,000
<b>Issued, subscribed and paid up</b>		
Issued for cash	41,500,000	41,500,000
Issued for consideration other than cash	273,500,000	273,500,000
	<b>315,000,000</b>	<b>315,000,000</b>

#### 21.2 Composition of shareholding

Details	For the year ended		% of Holding	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	Marico Limited, India	28,350,000	28,350,000	90.00%
Institutions	2,534,052	2,790,979	8.04%	8.86%
General shareholders	615,948	359,021	1.96%	1.14%
	<b>31,500,000</b>	<b>31,500,000</b>	<b>100%</b>	<b>100%</b>

#### 21.3 Classification of shareholders by holding

Holdings	No. of shareholder		% of Holding	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Less than 500 shares	3190	1810	0.59%	0.33%
500 to 5,000 shares	206	95	0.99%	0.46%
5,001 to 10,000 shares	38	17	0.92%	0.33%
10,001 to 20,000 shares	15	15	0.68%	0.66%
20,001 to 30,000 shares	8	7	0.66%	0.53%
30,001 to 40,000 shares	5	3	0.54%	0.32%
40,001 to 50,000 shares	4	5	0.58%	0.72%
50,001 to 100,000 shares	9	6	2.03%	1.27%
100,001 to 1,000,000 shares	5	8	3.01%	5.38%
Over 1,000,000 shares	1	1	90.00%	90.00%
	<b>3481</b>	<b>1967</b>	<b>100%</b>	<b>100%</b>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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

Holdings	No. of Share	
	31 March 2021	31 March 2020
Managing Director	-	-
	-	-

### 21.5 Share premium

In Taka	No. of shareholder	
	31 March 2021	31 March 2020
Share premium on paid up share capital	252,000,000	252,000,000
	<b>252,000,000</b>	<b>252,000,000</b>

The issue price per share was BDT 18. The share premium arising on issue of share is BDT 8 per share.

### 21.6 Dividends

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

In Taka	31 March 2021	31 March 2020
BDT 90 per qualifying ordinary share (2020: BDT 100)	2,835,000,000	3,150,000,000
	<b>2,835,000,000</b>	<b>3,150,000,000</b>

After the reporting date, the following dividend was proposed/declared/recommended by the board of directors. The dividend has not been recognised as liabilities and there is no tax consequences.

In Taka	31 March 2021	31 March 2020
BDT 20 per qualifying ordinary share (2020: BDT 20)	<b>630,000,000</b>	630,000,000

## 22. Employee benefits

See accounting policy in Note 43.9.

Particulars	Note	For the year ended	
		31 March 2021	31 March 2020
		Taka	Taka
Provision for gratuity	22.4	28,672,978	76,253,851
Provision for leave encashment	22.6	24,608,795	16,124,364
		<b>53,281,773</b>	<b>92,378,215</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

### 22.1 Current and non-current classification of employee benefits

Particulars	31 March 2021	31 March 2020
	Taka	Taka
Current	21,018,917	6,516,576
Non-current	32,262,856	85,861,639
	<b>53,281,773</b>	<b>92,378,215</b>

### 22.2 Employee benefits - gratuity

Particulars	Note	For the year ended	
		31 March 2021	31 March 2020
		Taka	Taka
Net defined benefit asset	22.4	(77,216,166)	-
<b>Total employee benefit asset</b>		<b>(77,216,166)</b>	<b>-</b>
Net defined benefit liability	22.4	105,889,144	76,253,851
<b>Total employee benefit asset</b>		<b>28,672,978</b>	<b>76,253,851</b>

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

Particulars	31 March 2021	31 March 2020
	Taka	Taka
Current	19,484,302	5,024,103
Non-current	9,188,676	71,229,748
	<b>28,672,978</b>	<b>76,253,851</b>

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

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

In Taka	Defined benefit obligation		Fair value of plan assets		Net defined (asset)/ liability	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Balance at 1 April	76,253,851	57,060,572	-	-	76,253,851	57,060,572
<b>Included in profit or loss</b>						
Current service cost	21,204,091	12,306,088	-	-	21,204,091	12,306,088
Interest cost	7,669,619	5,706,057	-	-	7,669,619	5,706,057
	<b>28,873,710</b>	<b>18,012,145</b>	<b>-</b>	<b>-</b>	<b>28,873,710</b>	<b>18,012,145</b>
<b>Included in OCI</b>						
Actuarial (gain)/loss arising from:						
-demographic assumption	-	3,012,528	-	-	-	3,012,528
-financial assumption	18,742,524	10,037,495	-	-	18,742,524	10,037,495
-experience adjustment	(4,644,021)	8,643,249	-	-	(4,644,021)	8,643,249
Return on plan asset excluding interest income	-	-	(167,447)	-	(167,447)	-
	<b>14,098,503</b>	<b>21,693,272</b>	<b>(167,447)</b>	<b>-</b>	<b>13,931,056</b>	<b>21,693,272</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

In Taka	Defined benefit obligation		Fair value of plan assets		Net defined (asset)/ liability	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
<b>Other</b>						
Contribution paid by the employer	(3,813,104)	-	(86,572,535)	-	(90,385,639)	-
Benefits paid	(9,523,816)	(20,512,138)	9,523,816	-	-	(20,512,138)
	<b>(13,336,920)</b>	<b>(20,512,138)</b>	<b>(77,048,719)</b>		<b>-(90,385,639)</b>	<b>(20,512,138)</b>
<b>Balances as at 31 March</b>	<b>105,889,144</b>	<b>76,253,851</b>	<b>(77,216,166)</b>		<b>- 28,672,978</b>	<b>76,253,851</b>

Gratuity scheme is funded from current year. As a result, MBL has made contribution in planned asset. There was no planned asset in previous year.

## 22.5 Defined Benefit obligation

## (i) Actuarial assumption

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

Particulars	31 March 2021	31 March 2020
Discount rate	7.5%	10%
Salary increase rate	12%	12%
Employee turnover rate	11%	11%

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

## 22.6 Provision for leave encashment

Particulars	31 March 2021	31 March 2020
	Taka	Taka
Opening balance	16,124,364	17,513,164
Provision made during the year	14,802,279	6,567,617
Payment during the year	(6,317,848)	(7,956,417)
	<b>24,608,795</b>	<b>16,124,364</b>
Current	1,534,615	1,492,473
Non-Current	<b>23,074,180</b>	<b>14,631,891</b>
	<b>24,608,795</b>	<b>16,124,364</b>

## 23. Lease liabilities

See accounting policy in Note 43.15.

"The Company leases many assets, including properties, warehouses, depots and sales offices. Total number of lease assets is twenty two and average terms of period of lease is four to eleven years. The incremental borrowing rate (IBR) is 11.2%. The factory leases were entered into many years ago as combined leases of land and buildings. The following table sets out a maturity analysis of lease payables, showing the undiscounted lease payments to be paid after the reporting date."

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

Particulars	31 March 2021	31 March 2020
	Taka	Taka
Less than one year	44,634,210	43,673,800
One to two years	48,886,907	44,634,210
Two to three years	52,280,711	48,886,907
Three to four years	5,873,811	52,280,711
Four to five years	9,831,760	5,873,811
More than five years	5,383,535	15,215,294
<b>Total lease liabilities at 31 March</b>	<b>166,890,934</b>	<b>210,564,733</b>

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

Particulars	31 March 2021	31 March 2020
	Taka	Taka
Current	44,634,210	42,836,393
Non-current	122,256,724	167,728,340
	<b>166,890,934</b>	<b>210,564,733</b>

### Amounts recognised in profit or loss

Particulars	31 March 2021	31 March 2020
	Taka	Taka
Interest on lease liabilities	11,787,340	12,897,052
Expenses related to short-term leases	8,554,647	599,422
Expenses related to leases of low-value assets excluding short-term leases of low value assets	-	-

### Amounts recognised in the statement of cash flows

Particulars	31 March 2021	31 March 2020
	Taka	Taka
Lease rental	53,040,839	47,728,849
Security deposit	13,000,000	-
<b>Total cash outflow for lease liabilities and interest payments</b>	<b>66,040,839</b>	<b>47,728,849</b>

### Reconciliation of rental expenses with lease interest and ROU depreciation

Particulars	31 March 2021	31 March 2020
	Taka	Taka
Rental expense incurred for lease contracts	53,040,839	47,728,849
Interest expenses on lease liability as per IFRS 16 shown in P&L	11,787,340	12,897,052
<b>Depreciation on right of use asset as per IFRS 16 shown in P&amp;L</b>	<b>46,434,480</b>	<b>37,432,890</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

## 24. Loans and borrowings

See accounting policy in Note 43.6(iii)(b).

Particulars	31 March 2021	31 March 2020
	Taka	Taka
Short term loan	250,000,000	-
	<b>250,000,000</b>	<b>-</b>

This short term loan is taken from Citibank N.A., Gulshan branch, for the purpose of managing working capital for a duration of three months.

## 25. Trade and other payables

See accounting policy in Note 43.6(iii)(a).

Particulars	Note	For the year ended	
		31 March 2021	31 March 2020
		Taka	Taka
Trade payables	25.1	937,295,045	776,586,623
Other payables	25.2	2,145,605,320	1,935,342,636
		<b>3,082,900,365</b>	<b>2,711,929,259</b>

## 25.1 Trade payables

Particulars	For the year ended	
	31 March 2021	31 March 2020
	Taka	Taka
<b>Related party trade payables</b>		
Payable against raw material	441,206,707	199,436,248
Payable against packing material	7,151,743	892,454
	<b>448,358,450</b>	<b>200,328,702</b>
<b>Third party trade payables</b>		
Payable against raw material	73,916,649	100,614,332
Payable against services	290,128,764	369,482,503
Payable against packing material	119,247,904	104,355,701
Payable against finished goods	5,643,278	1,805,385
	488,936,595	576,257,921
	<b>937,295,045</b>	<b>776,586,623</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

## 25.2 Other payables

Particulars	For the year ended	
	31 March 2021	31 March 2020
	Taka	Taka
<b>Related party other payables</b>		
Royalty payable	107,135,382	176,513,966
General and technical assistance fees payable	86,039,653	313,359,294
Payable against expenses		55,809
Payable against capital goods	14,593,598	-
	<b>207,768,633</b>	<b>489,929,069</b>
<b>Third party other payables</b>		
Payable against expenses	565,367,923	473,941,727
Payable against business promotion expense	824,676,798	509,232,759
Import duty and related charges payable	115,589,691	145,719,882
Withholding tax and VAT payable	37,518,458	9,838,781
Workers' profit participation and welfare fund	220,758,871	188,004,407
Festival bonus	5,533,485	12,615,191
Advance from customers	106,211,149	16,266,231
Payable against capital goods	7,474,338	15,160,516
Unclaimed dividend	16,136,646	17,924,382
Audit fees payable	1,400,000	1,400,000
Interest accrued on loans	892,072	41,257
Supplementary duty	36,277,256	55,268,434
	1,937,836,687	1,445,413,567
	<b>2,145,605,320</b>	<b>1,935,342,636</b>

## 26. Current tax liabilities

Particulars	Note	For the year ended	
		31 March 2021	31 March 2020
		Taka	Taka
Provision for income tax	26.1	5,817,546,371	4,749,128,795
Advance income tax	26.2	(5,213,286,943)	(4,143,685,948)
		<b>604,259,428</b>	<b>605,442,847</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

## 26.1 Provision for income tax

Particulars	For the year ended	
	31 March 2021	31 March 2020
	Taka	Taka
Opening balance	4,749,128,795	3,837,016,123
Provision for current period/year	1,068,417,576	908,685,699
<b>Provision for prior year:</b>		
Assessment year 2019-2020	-	3,426,973
<b>Closing balance</b>	<b>5,817,546,371</b>	<b>4,749,128,795</b>

## 26.2 Advance income tax

Particulars	For the year ended	
	31 March 2021	31 March 2020
	Taka	Taka
Opening balance	4,143,685,948	3,376,647,788
Payment during the year:		
Payment for current period/year	656,592,012	491,249,372
<b>Payment for prior year:</b>		
Assessment year 2015-2016	42,515,295	-
Assessment year 2016-2017	1,972,778	-
Assessment year 2019-2020	-	275,788,788
Assessment year 2020-2021	368,520,910	-
<b>Closing balance</b>	<b>5,213,286,943</b>	<b>4,143,685,948</b>

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

Accounting year/period ended	Assessment year	Provision for income tax (Amount in Taka)	Advance income tax (Amount in Taka)	Status
31 March 2021	2021-22	1,068,417,576	656,592,012	
31 March 2020	2020-21	908,685,699	859,770,282	Return submitted
31 March 2019	2019-20	715,903,898	714,242,632	Open at DCT level
31 March 2018	2018-19	603,956,939	560,411,195	Return submitted
31 March 2017	2017-18	511,139,076	482,832,785	Open at DCT level
31 March 2016	2016-17	536,229,894	518,801,912	At TAT*
31 March 2015	2015-16	502,672,640	481,507,633	At TAT*
31 March 2014	2014-15	475,304,697	468,166,315	At High Court
31 March 2013	2013-14	279,549,372	234,442,800	At TAT*
31 March 2012	2012-13	206,588,040	236,519,377	At TAT*

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2021

Accounting year/period ended	Assessment year	Provision for income tax (Amount in Taka)	Advance income tax (Amount in Taka)	Status
30 Sept. 2008	2009-10	9,098,540	-	At TAT*
		<b>5,817,546,371</b>	<b>5,213,286,943</b>	

\*Taxes Appellate Tribunal

**27. Related party transactions****27.1 Parent and ultimate controlling party**

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

**27.2 Transactions with key management personnel**

Particulars	For the year ended	
	31 March 2021	31 March 2020
	Taka	Taka
Directors' fees	1,027,340	996,670
Director's remuneration	29,516,834	25,099,806
	<b>30,544,174</b>	<b>26,096,476</b>

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

**27.3 Other related party transactions**

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



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

## 27.3.1 Transactions with parent company

Name of the related parties	Relationship	Nature of transaction	Transaction		Balance as at	
			2021 Taka	2020 Taka	2021 Taka	2020 Taka
Marico Limited, India	Parent company	Purchase of raw materials, packing materials and finished goods	69,327,054	79,138,940	25,404,308	1,800,430
		Purchase of asset	16,393,486	2,262,960	14,593,597	-
		Sales of finished goods (FG) and semi-finished goods (SFG)	384,841	-	-	-
		Sales of packing materials	-	89,495	-	-
		Royalty	107,135,381	92,971,017	107,135,381	176,513,966
		<b>Dividend</b>	<b>2,551,500,000</b>	<b>2,268,000,000</b>	<b>-</b>	<b>-</b>
		General and technical assistance fees	86,547,962	71,792,928	86,039,654	313,359,294

## 27.3.2 Transactions with other related parties

Name of the related parties	Relationship	Nature of transaction	Transaction		Balance as at 31 March	
			2021 Taka	2020 Taka	2021 Taka	2020 Taka
Marico Middle East FZE	Associated company	Purchase of raw materials (RM)	2,302,086,094	1,925,977,910	422,954,142	198,528,272
Marico South East Asia	Associated company	Purchase of finished goods (FG)	1,246,188	1,725,549	-	-
		Reimbursement of expenses	55,730	55,615	-	55,809

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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

### 28.1 Calculation of net asset value per share

Particulars	For the year ended	
	31 March 2021	31 March 2020
	Taka	Taka
Net asset	1,636,572,396	1,387,680,232
Number of shares	31,500,000	31,500,000
<b>Net asset value (NAV) per share</b>	<b>51.95</b>	<b>44.05</b>

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

Particulars	For the year ended	
	31 March 2021	31 March 2020
	Taka	Taka
Net cash from operating activities	3,304,608,823	3,012,957,714
Number of shares	31,500,000	31,500,000
<b>Net operating cash flow per share (NOCFPS)</b>	<b>104.91</b>	<b>95.65</b>

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

Particulars	Note	For the year ended	
		31 March 2021	31 March 2020
		Taka	Taka
<b>Profit after tax</b>		3,108,680,032	2,646,238,447
<b>Adjustment for:</b>			
- Depreciation	6.1.2 & 7	160,682,982	130,118,642
- Amortisation	7	1,403,206	2,017,794
- Gain on lease modification and cancellation	9.1	(23,065,477)	-
- Gain on disposal of treasury bond	9.1	(11,334,400)	-
Effect of movement in exchange rate on cash held"		(184,588)	(469,786)
- Interest expense	10.2	2,962,773	17,657,581
- Interest expense on lease	10.2	11,787,340	12,897,052
- Impairment loss/(reversal of impairment) of PPE	7	2,413,121	1,720,262
- Interest income	10.1	(149,398,274)	(239,693,041)
- Gain/(loss) on sale of property, plant and equipment	9.1 & 9.2	371,006	1,467,821
- Tax expense	13	1,085,738,503	925,845,292
		<b>4,190,056,224</b>	<b>3,497,800,064</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

Particulars	Note	For the year ended	
		31 March 2021	31 March 2020
		Taka	Taka
<b>Changes in operating assets and liabilities:</b>			
Inventories	19	(348,349,453)	(540,607,572)
Other financial assets	18	(26,218,662)	(14,777,213)
Advances, deposits and prepayments	17	82,101,469	(119,641,378)
Employee benefits	22	(53,027,499)	(3,888,793)
Trade and other payables	25	363,212,871	794,641,465
<b>Cash generated from operating activities</b>		<b>4,207,774,950</b>	<b>3,613,526,573</b>
Interest paid		(2,111,958)	(18,266,324)
Interest received		168,546,826	184,735,625
Income tax paid	26.2	(1,069,600,995)	(767,038,160)
<b>Net cash flows from operating activities</b>		<b>3,304,608,823</b>	<b>3,012,957,714</b>

## 29. Production capacity

Main product	Unit of measure	Installed capacity	
		31 March 2021	31 March 2020
Parachute Coconut Oil (PCNO)	KL	36,500	36,500
Copra Crushing	MT	36,000	36,000
Refined Oil	MT	18,000	18,000
Value Added Hair Oil (VAHO)	KL	15,600	15,200
Water based product	KL	12,000	12,000
Edible Oil	KL	4,000	3,600

## 30. Commitment

## i) Capital commitment

Particulars	31 March 2021	31 March 2020
	Taka	Taka
Estimated amount of contracts remaining to be executed on capital account	281,606,861	119,656,388

## ii) Other commitment

Particulars	31 March 2021	31 March 2020
	Taka	Taka
Outstanding L/C	1,127,506,863	242,262,007

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

## 31. Contingent liabilities

"The Company has contingent liability of BDT 1,103,433,853 as on 31 March 2021 in respect of indirect tax (VAT) and workers' profit participation & welfare fund. These are being vigorously defended by the Company.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2021

The management considers that it is not appropriate to make provision in respect of any of these claims. The Company has ordinary letter of credit amount of Taka 989,732 , Taka 1,069,128,249 and Taka 57,388,882 with Citibank, N.A., Standard Chartered Bank and Hongkong and Shanghai Banking Corporation respectively. Shipping guarantee of Taka 989,732, Taka 69,741,571 and Taka 528,447 with Citibank, N.A., Standard Chartered Bank and Hongkong and Shanghai Banking Corporation respectively.” .

### 32. Dividends remitted

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

Particulars	Dividends declared	Taka	
	Taka	31 March 2021	
Interim dividend for the period ended 28 February 2019	630,000,000	-	510,300,000
Final dividend for the year ended 31 March 2019	157,500,000	-	127,575,000
Interim dividend for the period ended 30 June 2019	787,500,000	-	637,875,000
Interim dividend for the period ended 30 September 2019	630,000,000	-	510,300,000
Interim dividend for the period ended 31 December 2019	945,000,000	-	765,450,000
Final dividend for the year ended 31 March 2020	630,000,000	510,300,000	-
Interim dividend for the period ended 30 June 2020	945,000,000	765,450,000	-
Interim dividend for the period ended 30 September 2020	630,000,000	510,300,000	-
Interim dividend for the period ended 31 December 2020	630,000,000	510,300,000	-
		<b>2,296,350,000</b>	<b>2,551,500,000</b>

### 33. Capital management

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

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

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2021.

### 34. Segment information

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

### 35. Number of employees

The number of employees engaged for the whole year or part there of who received a total salary of TK 36,000 p.a. and above is 417 (2020:336), among them 106 employees left Marico and 311 (2020:272) existed at 31 March 2021.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

### 36. Impact of COVID-19 on Marico Bangladesh Limited

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

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

The Company had assessed the impact of COVID-19 on its business. The assessment was made in the following areas:

IFRS 9 -	Financial Instruments
IFRS 13 -	Fair Value Measurement
IFRS 15 -	Revenue from Contracts with Customers
IFRS 16 -	Leases
IAS 2 -	Inventories
IAS 12 -	Income Taxes
IAS 19 -	Employee Benefits
IAS 20 -	Accounting for Government Grants and Disclosure of Government Assistance
IAS 36 -	Impairment of Assets:
IAS 37 -	Provisions, Contingent Liabilities and Contingent Assets

From the assessment, the Company determines that it will not face any hurdle to manage working capital balances to generate sufficient operating cash flows to meet the obligations as fall due. So, the Company does not have any plan to defer any capital expenditures, dividends and other distributions. In addition to this, the Company does not have any plan or is not in a situation that require to seek financial support from shareholders or taking advantage of government assistance. Overall, there is no mentionable impact of COVID-19 on the financial statements of Marico Bangladesh Limited for the year ended 31 March 2021.

### 37. Subsequent events

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

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

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

The Board of Directors of Marico Bangladesh Limited at its 114th meeting held on 27 th April 2021 has recommended final cash dividend @ 200% i.e. Taka 20 per share, amount to total Taka 630,000,000 for the year ended at 31 March 2021.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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

#### 38.1 Accounting classifications and fair values

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

31 March 2021

Particulars	Note	In Taka						Total
		Fair value hedging instruments	Manadatorily at fair value	FVOCI-debt instruments	FVOCI-equity instruments	Financial assets at amortized cost	Other financial liabilities	
<b>Financial assets measured at fair value</b>		-	-	-	-	-	-	-
<b>Financial assets not measured at fair value</b>								
Fixed deposits	18	-	-	-	-	1,737,974,722	-	1,737,974,722
Loan to employees	18	-	-	-	-	6,814,738	-	6,814,738
Trade receivables	18	-	-	-	-	65,033,298	-	65,033,298
Cash and cash equivalents	20	-	-	-	-	396,404,261	-	396,404,261
<b>Financial liabilities measured at fair value</b>								
<b>Financial liabilities not measured at fair value</b>								
Loans and borrowings	24	-	-	-	-	-	250,000,000	250,000,000
Trade and other payables	25	-	-	-	-	-	3,082,900,365	3,082,900,365
Lease liabilities	23	-	-	-	-	-	166,890,934	166,890,934
		-	-	-	-	-	3,499,791,299	3,499,791,299

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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

## 38.1 Accounting classifications and fair values (continued)

31 March 2020

Particulars	Note	In Taka						Total
		Fair value hedging instruments	Manadatorily at fair value	FVOCI-debt instruments	FVOCI-equity instruments	Financial assets at amortized cost	Other financial liabilities	
<b>Financial assets measured at fair value</b>		-	-	-	-	-	-	-
<b>Financial assets not measured at fair value</b>								
Fixed deposits	18	-	-	-	-	1,290,000,000	-	1,290,000,000
Loan to employees	18	-	-	-	-	1,673,431	-	1,673,431
Trade receivables	18	-	-	-	-	43,955,943	-	43,955,943
Cash and cash equivalents	20	-	-	-	-	420,407,014	-	420,407,014
Financial liabilities measured at fair value		-	-	-	-	1,756,036,388	-	1,756,036,388
<b>Financial liabilities not measured at fair value</b>								
Trade and other payables	25	-	-	-	-	-	2,711,929,259	2,711,929,259
<b>Lease liabilities</b>	23	-	-	-	-	-	210,564,733	210,564,733
		-	-	-	-	-	2,922,493,992	2,922,493,992

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2021

**38.2 Financial risk management**

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

- Credit risk
- Liquidity risk
- Market risk

**38.2.1 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 collectability from the customers. However, the Company maintains most of the financial assets with short-term deposits and cash and cash equivalents.

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

Particulars	Note	31 March 2021 Taka	31 March 2020 Taka
<b>Financial assets</b>			
Fixed deposits	18	1,737,974,722	1,290,000,000
Loans to employees	18	6,814,738	1,673,431
Trade receivables	18	65,033,298	43,955,943
Cash and cash equivalents	20	396,404,261	420,407,014
		<b>2,206,227,019</b>	<b>1,756,036,388</b>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

**38.2.2 Liquidity risk**

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

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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

Particulars	Note	Carrying amount	Expected Cashflow	Contractual cash flows					More than 5 years	
				2 months or less	2-12 months	1-2 years	2-5 years			
<b>31 March 2021</b>										
Loans and borrowings	24	250,000,000	250,000,000	250,000,000	-	-	-	-	-	-
Trade and other payables	25	3,082,900,365	3,082,900,365	513,816,727	2,569,083,638	-	-	-	-	-
Lease liabilities	23	166,890,934	166,890,934	7,232,159	37,402,052	48,886,907	67,986,282	5,383,534	5,383,534	5,383,534
<b>31 March 2020</b>										
Trade and other payables	25	2,711,929,259	2,711,929,259	2,711,929,259	-	-	-	-	-	-
Lease liabilities	23	210,564,733	210,564,733	21,030,699	21,805,694	50,131,396	117,596,944	117,596,944	117,596,944	117,596,944
		<b>2,922,493,992</b>	<b>2,922,493,992</b>	<b>2,732,959,958</b>	<b>21,805,694</b>	<b>50,131,396</b>	<b>117,596,944</b>	<b>117,596,944</b>	<b>117,596,944</b>	<b>117,596,944</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

## 38.2.3 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 2021 are as follows:

In USD	31 March 2021	31 March 2020
Import of goods and services	(771,798)	(564,730)
Bank balance	508,702	330,351
	<b>(263,096)</b>	<b>(234,379)</b>

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

Particular	Average rate		Year-end spot rate	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Exchange rate (USD/BDT)	84.82	84.62	84.71	84.94

## ii) Foreign exchange rate sensitivity analysis

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

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

Effect in Taka	Profit/(loss)		Equity	
	Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2021</b>				
USD (1% movement)	(222,869)	222,869	(222,869)	222,869
<b>31 March 2020</b>				
USD (1% movement)	(199,082)	199,082	(199,082)	199,082

## iii) Interest rate risk

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

As at 31 March 2021, the interest rate profile of the Company's interest bearing financial instruments was:

Particulars	31 March 2021	31 March 2020
	Taka	Taka
<b>Fixed rate instruments</b>		
Financial assets		
Fixed deposit receipts	1,737,974,722	1,290,000,000
Financial liabilities	-	-
Loans & borrowings	250,000,000	-
<b>Variable rate instruments</b>		
Financial assets	-	-
Financial liabilities	-	-

## 39. Value of import calculated on CIF basis

Particulars	31 March 2021	31 March 2020
	Taka	Taka
Materials and finished goods	3,069,741,302	2,743,115,157
Capital goods	2,226,274	143,058,091
	<b>3,071,967,576</b>	<b>2,886,173,248</b>

## 40. Expenditure in foreign currency

Particulars	31 March 2021	31 March 2020
	Taka	Taka
General and technical assistance fees	86,547,962	72,443,188
Professional consultation fees	2,739,756	7,030,998
	<b>89,287,718</b>	<b>79,474,186</b>

## 41. Basis of measurement

The financial statements of the Company have been prepared on historical cost basis except for net defined benefit (asset)/liability for which the measurement basis is the fair value of plan assets less the present value of the defined benefit obligation, as explained in Note 43.9.

## 42. Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

## A. Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated. The Company has determined that all contracts existing at 31 March 2021 will be completed before the amendments become effective.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2021

**B. Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)**

The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to:

- Changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; and
- Hedge accounting.

**C. Other standards**

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

- COVID-19-Related Rent Concessions (Amendment to IFRS 16).
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Reference to Conceptual Framework (Amendments to IFRS 3).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.

**43. Significant accounting policies**

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

Note	Particulars
43.1	Foreign currency transactions
43.2	Property, plant and equipment
43.3	Intangible assets
43.4	Right-of-use asset
43.5	Inventories
43.6	Financial instruments
43.7	Share capital
43.8	Dividend to the equity holders
43.9	Employee benefits
43.10	Accruals
43.11	Provisions
43.12	Income tax expenses
43.13	Revenue
43.14	Finance income and finance cost
43.15	Lease liabilities
43.16	Impairment

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2021

Note	Particulars
43.17	Contingencies
43.18	Assets held for sale
43.19	Earnings per share
43.20	Events after the reporting period

**43.1 Foreign currency transactions**

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

**43.2 Property, plant and equipment****i) Recognition and measurement**

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

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

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

**ii) Subsequent cost**

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

**43. Significant accounting policies (continued)****43.2 Property, plant and equipment (continued)****iii) Depreciation**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2021

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

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

**iv) Derecognition**

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

**v) Asset under construction**

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

**vi) Capitalisation of borrowing costs**

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

**43.3 Intangible assets****i) Recognition and measurement**

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

**ii) Subsequent costs**

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

### iii) Amortisation

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

Intangible asset (Computer Software) is amortised at the rate of 20% to 33%.

### iv) Derecognition

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

### 43.4 Right-of-use asset

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

The right-of-use assets is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term.

### 43.5 Inventories

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

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

Raw material, packing material and semi-finished goods are categorised in moving, slow moving and non-moving inventory and inventory provision is calculated based on 25% of slow moving inventories and 100% of non-moving inventories. Finished goods are categorised in fresh, slow moving, non-moving and expired inventories based on shelf life of the product. Inventory provision is calculated based on 25% of slow moving and 100% of non-moving and expired finished goods. Management may decide to make additional provision for seasonal and newly developed product. For spare parts, inventory provision is calculated based on 10% of the total value of spares parts.

### 43.6 Financial instruments

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

#### i. Recognition and initial measurement

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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

### ii. Classification and subsequent measurement

#### Financial assets

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

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

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

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

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

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

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

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

#### Financial assets – business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

- how the performance of the portfolio is evaluated and reported to the Company's management; the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

**(a) Cash and cash equivalents**

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

**(b) Trade and other receivables**

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

**(c) Short-term investment**

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2021

maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

**iii. Financial liability**

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

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

Financial liabilities include trade and other payables etc.

**(a) Trade and other payables**

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

**(b) Loans and borrowings**

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

**43.7 Share capital**

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

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

**43.8 Dividend to the equity holders**

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

**43.9 Employee benefits****i) Short-term employee benefits**

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

**ii) Defined benefit plan (Gratuity)**

The Company operates an funded gratuity scheme, provision in respect of which is made annually covering all its eligible employees. This scheme is qualified as defined benefit plan. Employees are entitled to Gratuity

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2021

benefit after completion of minimum 05 (five) years of continuous service with the Company from the date of his/her joining.

Eligibility to gratuity payments

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

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

**iii) Leave encashment**

The Company operates an unfunded leave encashment scheme, i.e. if its employees do not avail leave during his/her service, s/he will be entitled to encash privilege leave at the time of separation from the Company subject to maximum 60 days, at the rate of one month's basic pay for 30 days of privilege leave. This scheme is qualified as other long term employee benefits.

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

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

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

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

**43.10 Accruals**

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

**43.11 Provisions**

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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

### 43.12 Income tax expenses

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

#### i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Provision for corporate income tax is made following the rate applicable for companies as per Finance Act 2020 i.e. 25%.

#### ii) Deferred tax

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### 43.13 Revenue

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

### 43.14 Finance income and finance cost

#### i) Finance income

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

#### ii) Finance cost

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

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

### 43.15 Lease liabilities

The Company recognises a right-of-use asset and a lease liabilities at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liabilities.

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

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

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

### 43.16 Impairment

#### i) Financial assets

The Company recognises loss allowances for ECLs on:

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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

### Measurement of ECLs

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

#### ii) Non-financial assets

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

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

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

### 43.17 Contingencies

#### i) Contingent liability

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

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

#### ii) Contingent asset

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

The Company does not recognise contingent asset.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

### 43.18 Assets held for sale

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

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

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

### 43.19 Earnings per share

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

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

### 43.20 Events after the reporting period

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

## 44. Going concern

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

## MBL INDUSTRIES LIMITED (MBLIL)

**BOARD OF DIRECTORS**  
**(AS ON MARCH 31, 2021)**

Mr. Ashish Goupal  
Mr. Elias Ahmed  
Mr. Mohammad Hedayet Ullah (until September 30, 2020)  
Mr. Gaurav Sarda

**REGISTERED OFFICE**

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

**AUDITORS**

Ahmed Mashuque & Co.

**BANKERS**

Citi N.A.



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

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of MBL Industries Limited, which comprise the statements of financial position as at 31 March 2021, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give true and fair view, in all material respects, the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for opinion

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

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

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

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

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

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

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

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

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

## MBL INDUSTRIES LIMITED (MBLIL)

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

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

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

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

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

**Dated, April 27, 2021**  
**Dhaka**

**Ahmed Mashuque & Co.**  
**Chartered Accountants**  
Mashuque & Co. FCA - Proprietor  
Enrolment no. -690  
DVC: 2105220690AS207094

## STATEMENT OF FINANCIAL POSITION

As at 31 March, 2021

Particulars	Note	2021 Taka	2020 Taka
<b>Assets</b>			
<b>Non current assets</b>		-	-
<b>Total Non current assets</b>		-	-
<b>Cash and cash equivalents</b>	<b>5</b>	6,834,419	8,030,017
<b>Total current assets</b>		6,834,419	8,030,017
		<b>6,834,419</b>	<b>8,030,017</b>
<b><u>Equity &amp; Liabilities</u></b>			
<b>Equity</b>			
Share capital	<b>6</b>	1,000,000	1,000,000
Retained earnings		3,563,607	3,898,308
<b>Total equity</b>		<b>45,63,607</b>	<b>4,898,308</b>
<b>Liabilities</b>			
<b>Non current liabilities</b>		-	-
<b>Total Non current liabilities</b>		-	-
Payable for expenses	<b>7</b>	1,367,248	1,035,547
Other payable	<b>8</b>	26,250	26,250
Current tax liabilities	<b>9</b>	877,314	2,069,912
<b>Total current liabilities</b>		<b>2,270,812</b>	<b>3,131,709</b>
<b>Total liabilities</b>		<b>2,270,812</b>	<b>3,131,709</b>
<b>Total equity and liabilities</b>		<b>6,834,419</b>	<b>8,030,017</b>

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

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

As per our annexed report of same date.

Dated, April 27, 2021  
Dhaka

**Ahmed Mashuque & Co.**  
**Chartered Accountants**  
Mashuque & Co. FCA - Proprietor  
Enrolment no. -690  
DVC: 2105220690AS207094

MBL INDUSTRIES LIMITED (MBLIL)

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

For the year ended 31 March, 2021

Particular	Note	2021 Taka	2020 Taka
Revenue		-	-
Cost of sales		-	-
<b>Gross profit</b>		-	-
General and administrative expenses	10	(334,701)	(45,625)
<b>Net profit before income tax</b>		<b>(334,701)</b>	<b>(45,625)</b>
<b>Income tax expense</b>			
Current tax (expense)/income		-	-
<b>Net profit after income tax</b>		<b>(334,701)</b>	<b>(45,625)</b>

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

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

As per our annexed report of same date.

**Dated, April 27, 2021**  
**Dhaka**

**Ahmed Mashuque & Co.**  
**Chartered Accountants**  
Mashuque & Co. FCA - Proprietor  
Enrolment no. -690  
DVC: 2105220690AS207094

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March, 2021

Particulars	Share capital	Retained earnings	Total
	Taka	Taka	Taka
Balance as at 1 April 2019	1,000,000	3,943,933	4,943,933
Addition during the year	-	(45,625)	(45,625)
Balance as at 31 March 2020	1,000,000	3,898,308	4,898,308
Balance as at 1 April 2020	1,000,000	3,898,308	4,898,308
Addition during the year	-	(334,701)	(334,701)
Balance as at 31 March 2021	1,000,000	3,563,607	4,563,607

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

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

As per our annexed report of same date.

Dated, April 27, 2021  
Dhaka

**Ahmed Mashuque & Co.**  
**Chartered Accountants**  
Mashuque & Co. FCA - Proprietor  
Enrolment no. -690  
DVC: 2105220690AS207094

## STATEMENT OF CASH FLOWS

For the year ended 31 March, 2021

Particulars	2021 Taka	2020 Taka
<b>Cash flows from operating activities</b>		
Net profit/(loss) before income tax	(334,701)	(45,625)
(Decrease)/Increase in payable for expenses	331,701	43,125
(Decrease)/Increase in other payable	-	-
<b>Cash generated from/(used in) operating activities</b>	<b>(3,000)</b>	<b>(2,500)</b>
Income tax paid	(1,192,598)	-
Net cash generated from/(used in) operating activities	<b>(1,195,598)</b>	<b>(2,500)</b>
<b>Cash flows from investing activities</b>	-	-
<b>Cash flows from financing activities</b>	-	-
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,195,598)</b>	<b>(2,500)</b>
<b>Opening cash and cash equivalents</b>	<b>8,030,017</b>	<b>8,032,517</b>
<b>Closing cash and cash equivalents</b>	<b>6,834,419</b>	<b>8,030,017</b>

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

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

As per our annexed report of same date.

Dated, April 27, 2021  
Dhaka

**Ahmed Mashuque & Co.**  
**Chartered Accountants**  
Mashuque & Co. FCA - Proprietor  
Enrolment no. -690  
DVC: 2105220690AS207094

## NOTES TO THE FINANCIAL STATEMENTS

As at end and for the year ended 31st March 2021

### 1. Reporting entity

#### 1.1 Company profile

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

#### 1.2 Nature of business

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

### 2. Basis of preparation

#### 2.1 Statement of compliance

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

#### 2.2 Date of authorization

The Board of Directors has authorized these financial statements in its Board of Directors Meeting held on 27 April 2021.

#### 2.3 Basis of measurement

The financial statements have been prepared on historical cost basis.

#### 2.4 Functional and presentational currency

These financial statements are presented in Bangladesh Taka (Taka/Tk/BDT), which is the functional currency and presentation currency of the Company. All financial information presented in Taka has been rounded off to the nearest Taka.

#### 2.5 Reporting period

The Company presented the financial statements for the period covered twelve months from 01 April 2020 to 31 March 2021.

#### 2.6 Use of estimates and judgments

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

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

#### 2.7 Statement of cash flows

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

## NOTES TO THE FINANCIAL STATEMENTS

As at end and for the year ended 31st March 2021

### 2.8 Going concern

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

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

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

### 3. Significant accounting policies

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

#### 3.1 Financial instruments

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

##### 3.1.1 Financial assets

The Company initially recognizes 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 recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows 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 recognized 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 realize the asset and settle the liability simultaneously.

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

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

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

##### 3.1.2 Financial liabilities

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



## NOTES TO THE FINANCIAL STATEMENTS

As at end and for the year ended 31st March 2021

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

The Company classifies financial liabilities into the other financial liabilities (liabilities carried at amortized cost) category. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized 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 recognized 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 recognized as a deduction from equity, net off any tax effects.

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

### 3.4 Taxation

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

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

### 3.5 General

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

## 4 Comparative information

Comparative information have been disclosed for (for 12 months covering period from 1 April 2020 to 31 March 2021) all numerical information in the financial statements when it is relevant for understanding the current period's financial statements.

## 5. Cash and cash equivalents

Particulars	31-Mar-21 Taka	31-Mar-20 Taka
Cash at banks:		
Citibank, N.A.	6,834,419	8,030,017
	<b>6,834,419</b>	<b>8,030,017</b>

## NOTES TO THE FINANCIAL STATEMENTS

As at end and for the year ended 31st March 2021

### 6. Share capital

Particulars	31-Mar-21	31-Mar-20
	Taka	Taka
<b>Authorised</b>		
1,000,000 Ordinary shares of Tk 10 each	10,000,000	10,000,000
<b>Issued, subscribed and paid-up</b>		
100,000 Ordinary shares of Tk 10 each fully paid up in cash	1,000,000	1,000,000
<b>Shareholding position of the Company is as follows</b>		
Marico Middle East FZE (MME)	999,960	999,960
Directors (as joint holders with MME)	40	40
	<b>1,000,000</b>	<b>1,000,000</b>

### 7 Payable for expenses

Particulars	As at March 31,	
	2021	2020
	Taka	Taka
Payable for Audit fees & other services	1,367,248	1,035,547
	<b>1,367,248</b>	<b>1,035,547</b>

### 8 Other payable

Particulars	As at March 31,	
	2021	2020
	Taka	Taka
Withholding tax and VAT payable	26,250	26,250
	<b>26,250</b>	<b>26,250</b>

### 9 Current tax liabilities

Particulars	As at March 31,	
	2021	2020
	Taka	Taka
Provision for income tax (Note 9.1)	5,438,646	5,438,646
Advance income tax (Note 9.2)	(4,561,332)	(3,368,734)
	<b>877,314</b>	<b>2,069,912</b>
<b>9.1 Provision for tax</b>		
<b>Opening balance</b>	5,438,646	5,438,646
Add: Provision made during the period	-	-
Less: Adjustment for completed assessments	-	-
	<b>5,438,646</b>	<b>5,438,646</b>
<b>9.2 Advance income tax</b>		
Opening balance	3,368,734	3,368,734
Add: Advance income tax paid during the period	1,192,598	-
Less: Adjustment for completed assessments	-	-
	<b>4,561,332</b>	<b>3,368,734</b>

## NOTES TO THE FINANCIAL STATEMENTS

As at end and for the year ended 31st March 2021

### 10 General and administrative expenses

Particulars	From 01 April 2020 to 31 March 2021	From 01 April 2019 to 31 March 2020
	Taka	Taka
Professional charges	259,826	-
Statutory audit fees	71,875	43,125
Bank charges	3,000	2,500
	<b>334,701</b>	<b>45,625</b>

### 11 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

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

#### 11.1 Credit risk

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

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

Particular	Note	As at March 31,	
		2021	2020
		Taka	Taka
Cash and cash equivalents	5	6,834,419	8,030,017
		<b>6,834,419</b>	<b>8,030,017</b>

## NOTES TO THE FINANCIAL STATEMENTS

As at end and for the year ended 31st March 2021

### 11.2 Liquidity risk

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

As at 31 March 2021		Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
	Note	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Payable for expenses	7	1,367,248	(1,367,248)	-	-	(1,367,248)	-	-
Other payable	8	26,250	(26,250)	(26,250)	-	-	-	-
		<b>1,393,498</b>	<b>(1,393,498)</b>	<b>(26,250)</b>		<b>- (1,367,248)</b>		

  

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

### 11.3 Market risk

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

### 11.4 Currency risk

The Company is not exposed to any currency risk as the payable to holding company is denominated in a currency which is the functional currency of the Company. The Company has not entered into any type of derivatives instrument in order to hedge foreign currency risk as at 31 March 2021.

### 11.5 Interest rate risk

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

## NOTES TO THE FINANCIAL STATEMENTS

As at end and for the year ended 31st March 2021

### 12 Capital risk management

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

### 13 Accounting classification and fair values

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

Particulars	As at 31 March 2021		As at 31 March 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	Taka	Taka	Taka	Taka
<b>Financial assets</b>				
<b>Asset carried at fair value through profit or loss</b>	-	-	-	-
<b>Held to maturity assets</b>	-	-	-	-
<b>Loans and receivables</b>				
Cash and cash equivalents	6,834,419	6,834,419	8,030,017	8,030,017
<b>Available for sale financial assets</b>	-	-	-	-
<b>Financial liabilities</b>				
<b>Liabilities carried at fair value through profit or loss</b>	-	-	-	-
<b>Liabilities carried at amortised costs</b>				
Payable for expenses	1,367,248	N/A*	1,035,547	N/A*
Other payable	26,250	N/A*	26,250	N/A*

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

### 14 Number of employees

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

### 15 Capital expenditure commitment

There is no such commitment as at 31 March 2021.

### 16 Events after the reporting period

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

## MARICO MIDDLE EAST FZE (MME)

### **BOARD OF DIRECTORS (AS ON MARCH 31, 2021)**

Mr. Vivek Karve (until close of business hours of September 10, 2020)  
Mr. Pawan Agrawal (w.e.f. September 10, 2020)  
Mr. Saugata Gupta  
Mr. Durgesh Chugh  
Mr. Ashish Joshi (until June 8, 2020)  
Mr. Jitendra Mahajan (w.e.f. June 8, 2020)  
Mr. Tarun Aggarwal (w.e.f. June 8, 2020)  
Mr. Ashish Goupal (w.e.f. June 8, 2020)

### **SECRETARY & MANAGER**

Mr. Venkata Sivaramakrishna

### **REGISTERED OFFICE**

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

### **AUDITORS**

KPMG Lower Gulf Limited, UAE

### **BANKERS**

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

# INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Marico Middle East FZE

Report on the Audit of the Financial Statements

## Opinion

We have audited the consolidated financial statements of Marico Middle East FZE ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 March 2021, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

## Basis for Opinion

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

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

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

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

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

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

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

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

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

## INDEPENDENT AUDITOR'S REPORT

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

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

### Report on Other Legal and Regulatory Requirements

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

**KPMG Lower Gulf Limited**

Emilio Pera  
Registration No. 1146  
Dubai, United Arab Emirates  
Date: 16 June, 2021



MARICO MIDDLE EAST FZE (MME)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 March, 2021

Particulars	Note	As at March 31,		As at April 1,
		2021	2020	2019
		AED	AED * Restated	AED * Restated
<b>Non-current assets</b>				
Property, plant and equipment	9	4,386,574	5,348,408	4,761,445
Right-of-use-assets	10	2,082,468	1,549,896	-
		<b>6,469,042</b>	<b>6,898,304</b>	<b>4,761,445</b>
<b>Current assets</b>				
Inventories	11	3,641,909	4,416,781	4,755,029
Trade and other receivables	12	25,091,994	28,302,415	36,296,051
Due from related parties	13	18,336,667	8,589,590	3,551,053
Cash at bank and in hand	14	6,528,703	3,753,802	2,392,735
		<b>53,599,273</b>	<b>45,062,588</b>	<b>46,994,868</b>
<b>Current liabilities</b>				
Trade and other payables	15	40,756,616	44,824,035	43,055,781
Due to related parties	13	38,639,019	6,582,806	8,296,278
Lease liabilities	19	1,031,902	244,132	-
Bank borrowings	16	86,832,760	103,401,428	97,473,225
		<b>167,260,297</b>	<b>155,052,401</b>	<b>148,825,284</b>
<b>Net current liabilities</b>		<b>(113,661,024)</b>	<b>(109,989,813)</b>	<b>(101,830,416)</b>
<b>Non-current liabilities</b>				
Lease liabilities	19	(1,343,175)	(1,347,768)	-
Provision for staff terminal benefits	17	(1,744,945)	(1,516,048)	(1,072,690)
<b>Net liabilities</b>		<b>(110,280,102)</b>	<b>(105,955,325)</b>	<b>(98,141,661)</b>
<b>Represented by:</b>				
Share capital	18(a)	22,000,000	22,000,000	22,000,000
Legal reserve	18(b)	886,635	886,635	886,635
Foreign currency translation reserve	18(c)	(968,662)	(483,430)	(303,450)
Accumulated losses		(132,198,075)	(128,358,530)	(120,724,846)
<b>Total equity deficit</b>		<b>(110,280,102)</b>	<b>(105,955,325)</b>	<b>(98,141,661)</b>

The notes on pages 9 to 35 are an integral part of these consolidated financial statements.

These financial statements were approved by the Board of Directors on 16 June, 2021 and signed on their behalf by:

\_\_\_\_\_  
Director

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

The Independent Auditors report is set out on pages 1 to 4

\* Refer note 23

MARICO MIDDLE EAST FZE (MME)

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

For the year ended 31 March, 2021

Particulars	Note	Year ended March 31,	
		2021 AED	2020 AED
Revenue	5	200,339,367	178,003,153
Cost of sales		(152,629,939)	(132,370,614)
Gross profit		47,709,428	45,632,539
Administrative, selling and general expenses	6	(50,980,435)	(52,773,716)
Finance expense	7	(2,717,495)	(3,695,029)
Finance income	7	-	947,421
Other income	8	2,124,047	2,604,457
<b>Loss for the year before tax</b>		<b>(3,864,455)</b>	<b>(7,284,328)</b>
Income tax		24,910	(299,182)
<b>Loss for the year</b>	-	<b>(3,839,545)</b>	<b>(7,583,510)</b>
<b>Other comprehensive loss</b>			
Items that are or may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign operations		(485,232)	(179,980)
<b>Total comprehensive loss for the year</b>		<b>(4,324,777)</b>	<b>(7,763,490)</b>
Loss for the year attributable to:			
Owners of the Company		(3,839,545)	(7,583,510)
<b>Loss for the year</b>		<b>(3,839,545)</b>	<b>(7,583,510)</b>
<b>Total comprehensive Loss attributable to:</b>			
<b>Owners of the Company</b>		<b>(4,324,777)</b>	<b>(7,763,490)</b>
<b>Total comprehensive loss for the year</b>		<b>(4,324,777)</b>	<b>(7,763,490)</b>

The Independent auditors report are set on page 58-59

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 March, 2021

Particulars	Share capital	Accumulated Losses	Legal reserve	Foreign currency Translation Reserve	Total
	AED	AED	AED	AED	AED
At 1 April 2019, as previously reported	22,000,000	(124,798,393)	886,635	(303,450)	(102,215,208)
Impact of restatement (refer note 23)	-	4,073,547	-	-	4,073,547
At 1 April 2019 – Restated*	22,000,000	(120,724,846)	886,635	(303,450)	(98,141,661)
Impact on first time adoption of IFRS 16	-	(50,174)	-	-	(50,174)
At 1 April 2019 (adjusted) – Restated*	<b>22,000,000</b>	<b>(120,775,020)</b>	<b>886,635</b>	<b>(303,450)</b>	<b>(98,191,835)</b>
<b>Total comprehensive loss for the year</b>					
Loss for the year	-	(7,583,510)	-	-	(7,583,510)
Other comprehensive loss for the year	-	-	-	(179,980)	(179,980)
Total comprehensive loss for the year	-	(7,583,510)	-	(179,980)	(7,763,490)
As at 31 March 2020 – Restated*	22,000,000	(128,358,530)	886,635	(483,430)	(105,955,325)
At 1 April 2020	22,000,000	(128,358,530)	886,635	(483,430)	(105,955,325)
<b>Total comprehensive loss for the year</b>					
Loss for the year	-	(3,839,545)	-	-	(3,839,545)
Other comprehensive income for the year	-	-	-	(485,232)	(485,232)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(3,839,545)</b>	<b>-</b>	<b>(485,232)</b>	<b>(4,324,777)</b>
<b>As at 31 March 2021</b>	<b>22,000,000</b>	<b>(132,198,075)</b>	<b>886,635</b>	<b>(968,662)</b>	<b>(110,280,102)</b>

The notes on pages 9 to 35 are an integral part of these consolidated financial statements.

\* Refer note 23

MARICO MIDDLE EAST FZE (MME)

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 31 March, 2021

Particulars	Year ended March 31,	
	2021	2020
	AED	AED
<b>Operating activities</b>		
Loss for the year before tax	(3,864,455)	(7,284,328)
Adjustments for:		
Depreciation of property and equipment	937,803	1,111,028
Depreciation of right-of-use assets	485,996	323,738
Provision for staff terminal benefits	327,180	493,260
Gain on disposal of property, plant and equipment	(3,934)	(197,923)
Interest on lease liabilities	261,786	205,176
Interest on bank borrowings	1,382,684	2,735,118
Interest income on fixed deposits	-	(180,968)
	<b>(472,940)</b>	<b>(2,794,899)</b>
Changes in inventories	774,872	338,248
Changes in trade and other receivables	3,210,421	7,993,636
Changes in due from related parties	(9,747,077)	(5,038,537)
Changes in trade and other payables	(3,839,236)	1,555,426
Changes in due to related parties	32,056,213	(1,713,472)
Staff terminal benefits paid	(98,283)	(49,902)
Tax paid	(203,273)	(86,354)
<b>Net cash from / (used in) operating activities</b>	<b>21,680,697</b>	<b>204,146</b>
<b>Investing activities</b>		
Acquisition of property, plant and equipment	(94,339)	(1,753,744)
Proceeds from disposal of property, plant and equipment	122,304	253,676
Interest received	-	180,968
Movement in foreign currency translation reserve	(485,232)	(179,980)
<b>Net cash used in investing activities</b>	<b>(457,267)</b>	<b>(1,499,080)</b>
<b>Financing activity</b>		
Advance received from a related parties	29,380,000	-
Repayment of bank borrowings	667	(11,417)
Interest paid	(1,382,684)	(2,735,118)
Payment of lease obligations	(497,177)	(537,084)
<b>Net cash (used in) / from financing activities</b>	<b>(1,879,194)</b>	<b>(3,283,619)</b>
Net (decrease) / increase in cash and cash equivalents	19,344,236	(4,578,553)
<b>Cash and cash equivalents at the beginning of the year</b>	<b>(20,689,543)</b>	<b>(16,110,990)</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>(1,345,307)</b>	<b>(20,689,543)</b>
<b>These comprise:</b>		
Cash in hand	6,187	14,194
Cash at bank	6,522,516	3,739,608
Bank overdraft	(7,874,010)	(24,443,345)
	<b>(1,345,307)</b>	<b>(20,689,543)</b>

The notes on pages 9 to 35 are an integral part of these consolidated financial statements.

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

## NOTES (FORMING PART OF THE FINANCIAL STATEMENTS)

### 1 Reporting entity

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

The Company is a wholly owned subsidiary of Marico Limited (“the Parent Company” or “the Ultimate Holding Company”), a Company incorporated in India and listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

The consolidated financial statements of the Company as at and for the year ended 31 March 2021 comprise the Company and its subsidiaries (collectively referred to as “the Group”). The legal status and principal activities of the subsidiaries is set out in note 22.

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

### 2 Basis of preparation

#### Going concern

These consolidated financial statements have been prepared on a going concern basis notwithstanding the fact that the Group incurred a net loss of AED 3,839,545 (2020: AED 7,583,510) during the year ended 31 March 2021, had net current liabilities amounting to AED 113,661,024 (2020: AED 109,989,813), accumulated losses of AED 132,198,075 (2020: AED 128,358,530) and net liabilities amounting to AED 110,280,102 (2020: AED 105,955,325) as at that date. The continuation of the Group’s operations is dependent upon continued financial support of the Parent Company to meet its future obligations as they fall due. The Parent Company has provided an undertaking confirming that they will continue to provide or arrange for such financial support as would be necessary for the Group to meet its obligations as they fall due in the foreseeable future. Furthermore, management is confident that the facilities obtained from the lender banks will continue in the foreseeable future.

#### Statement of compliance

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

#### Basis of measurement

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

#### Functional and presentation currency

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

#### Use of estimates and judgements

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

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

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting

## NOTES

### (FORMING PART OF THE FINANCIAL STATEMENTS)

policies that have most significant effect on the amounts recognised in the consolidated financial statements are described in note 24.

#### **Impact of COVID-19 outbreak on the consolidated financial statements**

The World Health Organization declared COVID-19 as a pandemic in March 2020. Escalation of COVID-19 has impacted the global economic growth and business developments. Most countries have enacted protection measures against COVID-19, with a significant impact on the daily life, production and supply chain of goods in these countries and beyond.

The evolution of COVID-19 as well as its impact on the global economy, and more specifically, on the Group's business activities, is subject to levels of uncertainty, with the full range of possible effects unknown including but not limited to: the success of support measures introduced by governments, a smooth supply chain, negotiations with landlords, customer behavioral patterns and sentiments, volume and velocity of tourism, ability of the wider economy to recover, timing and manner of the easing of restrictions (such as lockdowns and social distancing) and successful vaccination campaigns.

Management believes that the COVID-19 pandemic, by itself, has had limited direct material effects on the Company's reported results for the year ended 31 March 2021. However, management continues to monitor the situation closely and at this stage, does not expect any significant impact on the Company's operation and any changes in circumstances may require enhanced disclosures or recognition of adjustments in the financial statements of the Company for the subsequent periods.

### **3 Significant accounting policies**

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

#### **Basis of consolidation**

##### *Business combinations*

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

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination has been achieved in stages, the fair value of the existing equity interest in the acquiree; and less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

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

## NOTES (FORMING PART OF THE FINANCIAL STATEMENTS)

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

### Subsidiaries

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

### Loss of control

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

### Transactions eliminated on consolidation

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

### Revenue from contracts with customers

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

### Revenue recognition - sale of goods

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

### Leases

*As a lessee*

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

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

## NOTES

### (FORMING PART OF THE FINANCIAL STATEMENTS)

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

#### *Depreciation*

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

#### *Lease liabilities: recognition and measurement*

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

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

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

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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

#### *Presentation*

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

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

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



## NOTES (FORMING PART OF THE FINANCIAL STATEMENTS)

### *As a lessor*

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

### **Finance expenses and income**

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

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

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

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

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

### **Property, plant and equipment and depreciation**

#### *Recognition and measurement*

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

#### *Subsequent expenditure*

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

#### *Depreciation*

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

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

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

## NOTES (FORMING PART OF THE FINANCIAL STATEMENTS)

### Inventories

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

### Financial instruments

#### *Financial assets - recognition and initial measurement*

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

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

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

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

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

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

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

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

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

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

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

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

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at

## NOTES (FORMING PART OF THE FINANCIAL STATEMENTS)

FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

### Derecognition

#### *Financial assets*

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

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

#### *Financial liabilities*

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

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

### Offsetting

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

### Impairment

#### *Non-derivative financial assets*

The Group recognises loss allowances for ECLs on:

- Financial assets measured at amortized cost.

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

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

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

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

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

## NOTES (FORMING PART OF THE FINANCIAL STATEMENTS)

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

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

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

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

### *Measurement of ECLs*

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

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

### *Credit-impaired financial assets*

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

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

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

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

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

### *Write-off*

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

### *Financial assets measured at amortised cost*

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then

## NOTES (FORMING PART OF THE FINANCIAL STATEMENTS)

collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends. An impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

### *Non-financial assets*

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

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

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

### **Provisions**

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

### **Income tax expenses**

Income tax expense comprises current and deferred tax calculated in accordance with the income tax laws applicable to certain overseas subsidiaries. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

#### *Current tax*

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

#### *Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for

## NOTES

### (FORMING PART OF THE FINANCIAL STATEMENTS)

financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves.

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

#### **Staff terminal benefits**

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

#### **Foreign currency transactions and balances**

##### *Foreign currency transactions*

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

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

##### *Foreign operations*

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

## NOTES (FORMING PART OF THE FINANCIAL STATEMENTS)

### 4 Financial risk management

#### Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

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

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

#### Credit risk

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

##### *Trade and other receivables*

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

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

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

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

##### *Cash at bank*

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

## **NOTES**

### **(FORMING PART OF THE FINANCIAL STATEMENTS)**

#### **Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash or other financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. Also refer to note 2.

#### **Market risk**

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

#### *Currency risk*

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

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

#### *Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk is primarily related to its bank borrowings. The interest rate on the Group's financial instruments is based on market rates.

#### **Capital management**

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



## NOTES (FORMING PART OF THE FINANCIAL STATEMENTS)

### 6 Revenue

#### Revenue Streams

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

Particulars	2021 AED	2020 AED
Revenue from contracts with customers	200,339,367	178,003,153

#### Disaggregation of revenue from contracts with customers

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

Particulars	2021 AED	2020 AED
<b>Primary geographical markets</b>		
Asia	169,575,265	148,294,289
Others	30,764,102	29,708,864
	<b>200,339,367</b>	<b>178,003,153</b>

Particulars	2021 AED	2020 AED
<b>Timing of revenue recognition</b>		
Products transferred at a point in time	200,339,367	178,003,153

### 6 Administrative, selling and general expenses

Particulars	2021 AED	2020 AED
Advertising and promotions	24,872,723	25,134,669
Staff costs	14,352,663	14,596,407
Freight, clearing and forwarding expenses	2,711,973	1,731,042
Legal and professional fees	2,511,227	3,473,351
Royalty (refer note 13)	1,918,429	1,760,983
Repair and maintenance	1,427,821	1,691,055
Depreciation on property, plant and equipment (refer note 9)	937,803	1,111,028
Depreciation on right of use assets (refer note 10)	485,996	323,738
Insurance	415,312	473,688
Printing and stationery	409,171	488,854
Travel expenses	269,799	983,976
Rent	188,644	152,921
Others	478,874	852,004
	<b>50,980,435</b>	<b>52,773,716</b>

## NOTES

(FORMING PART OF THE FINANCIAL STATEMENTS)

### 7 Finance expense and income

Particulars	2021 AED	2020 AED
<b>Finance expense</b>		
Interest on bank borrowings	1,382,684	2,735,118
Bank charges	1,052,855	754,735
Interest on lease liabilities (refer note 19)	261,786	205,176
Foreign exchange loss – net	20,170	-
	<b>2,717,495</b>	<b>3,695,029</b>
<b>Finance income</b>		
Foreign exchange gain - net	-	766,453
Interest income on fixed deposits	-	180,968
	<b>-</b>	<b>947,421</b>

### 8 Other income

Particulars	2020 AED	2019 AED
Marketing fees income (refer note 13 below and note 23)	1,633,665	1,754,920
Gain on disposal of property, plant and equipment	3,934	197,923
Miscellaneous income	486,448	651,614
	<b>2,124,047</b>	<b>2,604,457</b>

## NOTES (FORMING PART OF THE FINANCIAL STATEMENTS)

### 9 Property, plant and equipment

Particulars	Land and	Plant and	Equipment,	Motor	Total
	buildings	machineries	fixture and fittings	vehicles	
	AED	AED	AED	AED	AED
<b>Cost</b>					
At 1 April 2019	2,874,919	6,119,972	772,191	323,836	10,090,918
Additions	72,076	1,226,457	431,871	23,340	1,753,744
Disposals	-	(412,715)	(5,015)	(204,464)	(622,194)
<b>At 31 March 2020</b>	<b>2,946,995</b>	<b>6,933,714</b>	<b>1,199,047</b>	<b>142,712</b>	<b>11,222,468</b>
At 1 April 2020	2,946,995	6,933,714	1,199,047	142,712	11,222,468
Additions	-	-	25,065	69,274	94,339
Disposals	-	(103,699)	(14,671)	(47,545)	(165,915)
<b>At 31 March 2021</b>	<b>2,946,995</b>	<b>6,830,015</b>	<b>1,209,441</b>	<b>164,441</b>	<b>11,150,892</b>
<b>Depreciation</b>					
At 1 April 2019	1,349,289	3,138,646	551,029	290,509	5,329,473
Charge for the year	157,784	707,118	244,667	1,459	1,111,028
On disposals	-	390,294	5,011	171,136	566,441
<b>At 31 March 2020</b>	<b>1,507,073</b>	<b>3,455,470</b>	<b>790,685</b>	<b>120,832</b>	<b>5,874,060</b>
At 1 April 2020	1,507,073	3,455,470	790,685	120,832	5,874,060
Charge for the year	158,131	573,983	196,043	9,646	937,803
On disposals	-	-	-	47,545	47,545
<b>At 31 March 2021</b>	<b>1,665,204</b>	<b>4,029,453</b>	<b>986,728</b>	<b>82,933</b>	<b>6,764,318</b>
<b>Net book value</b>					
<b>At 31 March 2021</b>	<b>1,281,791</b>	<b>2,800,562</b>	<b>222,713</b>	<b>81,508</b>	<b>4,386,574</b>
<b>At 31 March 2020</b>	<b>1,439,922</b>	<b>3,478,244</b>	<b>408,362</b>	<b>21,880</b>	<b>5,348,408</b>

### 10 Right-of-use assets

Right-of-use asset related to leased assets are presented as a separate line item on the statement of financial position and are depreciated on a straight-line basis over the estimated lease terms. Lease terms and rental calculations vary significantly between different lease agreements (also refer note 19). Movement in these is as follows:

Particulars	Office and warehouse	
	2021 AED	2020 AED
<b>Cost</b>		
As at 1 April	1,873,634	1,873,634
Additions	1,018,568	-
At 31 March	<b>2,892,202</b>	<b>1,873,634</b>
<b>Accumulated depreciation</b>		
As at 1 April	(323,738)	-
Depreciation for the year (refer note 6)	(485,996)	(323,738)
At 31 March	(809,734)	(323,738)
<b>Carrying amount at 31 March</b>	<b>2,082,468</b>	<b>1,549,896</b>

## NOTES

(FORMING PART OF THE FINANCIAL STATEMENTS)

### 11 Inventories

Particulars	2021	2020
	AED	AED
Finished goods	1,068,413	2,346,326
Consumables	1,212,078	1,195,391
Raw materials	1,343,237	873,569
Semi-finished goods	18,181	1,495
	<b>3,641,909</b>	<b>4,416,781</b>

### 12 Trade and other receivables

Particulars	2021	2020
	AED	AED
Trade receivables	20,952,675	23,167,569
Prepayments	491,560	487,570
Advances to suppliers	38,846	1,561,067
Other receivables	3,608,913	3,086,209
	<b>25,091,994</b>	<b>28,302,415</b>

### 13 Related party transactions and balances

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

Particulars	2021	2020
	AED	AED
Sales of goods	99,698,133	83,549,742
Purchase of goods	26,756,810	22,009,707
Royalty expense (refer note 6)	198,429	1,760,983
Marketing fee income (refer note 8)	-	1,754,920
Compensation to key management personnel:		
Salaries and other benefits	1,633,665	1,018,150

Particulars	2021	2020
	AED	AED
<b>Due to related parties</b>		
Marico Bangladesh Limited	18,336,667	8,583,849
Marico South Africa PTY	-	5,741
	<b>18,336,667</b>	<b>8,589,590</b>
<b>Due to related parties</b>		
Marico Limited*	38,639,019	6,537,789
International Consumer Products	-	45,017
	<b>38,639,019</b>	<b>6,582,806</b>

\* Refer note 23

## NOTES (FORMING PART OF THE FINANCIAL STATEMENTS)

### 14 Cash at bank and in hand

Particulars	2021 AED	2020 AED
Cash in hand	6,187	14,194
Cash at bank	6,522,516	3,739,608
	<b>6,528,703</b>	<b>3,753,802</b>

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

Particulars	2021 AED	2020 AED
Cash and bank balances	6,528,703	3,753,802
Bank overdrafts (refer note 16)	(7,874,010)	(24,443,345)
	<b>(1,345,307)</b>	<b>(20,689,543)</b>

### 15 Trade and other payables

Particulars	2021 AED	2020 AED
Trade payables	6,701,265	11,529,841
Provision for income tax	175,554	334,923
Deferred tax liabilities	218,941	287,755
Other payables and accruals	33,660,856	32,671,516
	<b>40,756,616</b>	<b>44,824,035</b>

### 16 Bank borrowings

Particulars	2021 AED	2020 AED
Term loans	78,958,750	78,958,083
Bank overdrafts	7,874,010	24,443,345
	<b>86,832,760</b>	<b>103,401,428</b>

Bank borrowings represent term loans and overdrafts availed from the banks for the purchases made by the Group and these are repayable within 365 days from the date of issue. During the year, the interest rate on these bank borrowings ranged from LIBOR+0.8% to LIBOR+1% per annum (2020: LIBOR+0.7% to LIBOR+0.8% per annum). These bank borrowings are secured by way of corporate guarantee from the Parent Company

### 17 Provision for staff terminal benefits

The movement in provision staff terminal benefits was as follows:

Particulars	2021 AED	2020 AED
As at 1 April	1,516,048	1,072,690
Provision made during the year	327,180	493,260
Payments during the year	(98,283)	(49,902)
As at 31 March	<b>1,744,945</b>	<b>1,516,048</b>

## NOTES

### (FORMING PART OF THE FINANCIAL STATEMENTS)

#### 18 (a) Share capital

Particulars	2021 AED	2020 AED
Authorised, issued and fully paid up: 22 shares of AED 1,000,000	22,000,000	22,000,000

#### (b) Legal reserve

This represents legal reserve of the subsidiary companies.

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

#### (c) Foreign currency translation reserve

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

#### 19 Lease liabilities

See accounting policy in note 3.

Leases as Lessee

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

Particulars	2021 AED	2020 AED
At 1 April	1,591,900	1,923,808
Additions	1,018,568	-
Interest expense for the year (refer note 7)	261,786	205,176
Payment against lease liabilities	(497,177)	(537,084)
Balance at 31 March	<b>2,375,077</b>	<b>1,591,900</b>
Less: short term portion of lease obligations	(1,031,902)	(244,132)
Long term portion of lease obligations	<b>1,343,175</b>	<b>1,347,768</b>

## NOTES

(FORMING PART OF THE FINANCIAL STATEMENTS)

Details of lease payments are as follows

Particulars	2021			2020		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
	AED	AED	AED	AED	AED	AED
Less than one year	1,269,214	237,311	1,031,903	426,726	182,594	244,132
Between one and five years	1,686,445	343,271	1,343,174	1,718,840	371,072	1,347,768
	<b>2,955,659</b>	<b>580,582</b>	<b>2,375,077</b>	<b>2,145,566</b>	<b>553,666</b>	<b>1,591,900</b>

Amounts recognised in profit or loss in AED

Leases under IFRS 16

Particulars	2021	2020
	AED	AED
Interest on lease liabilities (refer note 7)	261,786	205,176
Depreciation charge for the year – right-of-use assets (refer note 6)	485,996	323,738

Amounts recognised in statement of cash flows in AED

Total cash outflow for leases		
— Payment towards principal amounts	235,391	331,908
— Payment towards interest	<b>261,786</b>	<b>205,176</b>

### 20 Contingent liabilities and capital commitments

Particulars	2021	2020
	AED	AED
Financial guarantees	50,000	50,000

The Group did not have any significant capital commitments at 31 March 2021 (2020: Nil).

### 21 Financial instruments

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

## NOTES

(FORMING PART OF THE FINANCIAL STATEMENTS)

### a) Credit risk

#### Exposure to credit risk

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

Particulars	2021	2020
	AED	AED
Trade receivables	20,952,675	23,167,569
Other receivables	3,608,913	3,086,209
Due from related parties	18,336,667	8,589,590
Cash at bank	6,522,516	3,739,608
	<b>49,420,771</b>	<b>38,582,976</b>

The ageing of trade receivables at the reporting date was:

Particulars	2021	2020
	AED	AED
Not past due	20,737,379	17,553,683
Past due (0-60 days)	215,296	5,613,886
	<b>20,952,675</b>	<b>23,167,569</b>

At 31 March 2021, the Group does not have any provision for impairment loss on its trade receivables (2020: Nil). Based on historic default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables.

### b) Liquidity risk

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

#### Non-derivative financial liabilities

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



## NOTES

(FORMING PART OF THE FINANCIAL STATEMENTS)

### Non-derivative financial liabilities

Particulars	31 March, 2020			
	Carrying amount	Contractual cash flow	6 month or less	More than 1 year
Trade and other payables	44,201,357	44,201,357	44,201,357	-
Due to related parties	6,582,806	6,582,806	6,582,806	-
Bank borrowings	103,401,428	107,537,485	107,537,485	-
Lease liabilities	1,591,900	2,145,566	426,726	1,718,840
	<b>155,777,491</b>	<b>160,467,214</b>	<b>158,748,374</b>	<b>1,718,840</b>

### c) Market risk

#### Exposure to currency risk

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

#### Interest rate risk

##### Profile

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

#### Variable interest rate instruments

Particulars	2021	2020
	AED	AED
Bank borrowings	86,832,760	103,401,428

Cash flow sensitivity analysis for variable rate instruments

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

Particulars	Profit or loss	
	100 bp Increase	100 bp Decrease
	AED	AED
<b>31-Mar-2021</b>		
Bank borrowings	86,833	(86,833)
<b>31-Mar-2020</b>		
Bank borrowings	103,401	(103,401)

### d) Fair values

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

## MARICO MIDDLE EAST FZE (MME)

### 22 List of subsidiaries

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

(i) Shares of these entities are held by certain individuals in their personal name for the beneficial interest of the Company.

(ii) These entities were not operational as at 31 March 2021.

### 23 Restatement for accounting error

During the year, the Group discovered that other income related to marketing fees charged to Marico Industries Limited ("MIL") for support provided in relation to sales made by MIL in Qatar region was erroneously understated for the period from 1 April 2017 to 31 March 2019. As a consequence, due to related parties and accumulated losses were overstated.

The errors have been corrected by restating each of the affected financial statement line items for prior periods. The following table summarise the impacts on the Group's consolidated financial statements.

## MARICO MIDDLE EAST FZE (MME)

Particulars	31 March 2020 (as previously reported) AED	Impact of correction AED	31 March 2020 (as restated) AED
<b>Statement of financial position</b>			
Due to related parties	10,656,353	(4,073,547)	6,582,806
<b>Equity</b>			
Accumulated losses	(132,432,077)	4,073,547	(128,358,530)
<hr/>			
<b>1 April 2019</b>	<b>1 April 2019 (as previously reported) AED</b>	<b>Impact of correction AED</b>	<b>1 April 2019 (as restated) AED</b>
<b>Statement of financial position</b>			
Due to related parties	12,369,825	(4,073,547)	8,296,278
<b>Equity</b>			
Accumulated losses	(124,798,393)	4,073,547	(120,724,846)

There is no impact on group's cash flows for the year ended 31 March 2020.

### 24 Accounting estimates and judgments

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

#### *Impairment losses on trade receivables*

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

#### *Going Concern*

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

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

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

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

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

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

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

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

### **BOARD OF DIRECTORS (AS ON MARCH 31, 2021)**

Mr. Durgesh Chugh (until March 15, 2021)  
Mr. Binjit K. (w.e.f. March 15, 2021)  
Mr. Mohamed El-Arabi  
Ms. Marwa Hussein (representing MME)  
Mr. Hatem Hamed (representing MME) (until June 10, 2020)  
Mr. Ayman Sameh Zaki (representing MME) (w.e.f. June 10, 2020)  
Mr. Ashish Joshi (until June 10, 2020)

### **REGISTERED OFFICE**

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

### **AUDITORS**

KPMG Hazem Hassan

### **BANKERS**

HSBC

### **LEGAL ADVISORS**

Yasser Maharem Office for Accounting & Auditing,  
Nassef Law Firm

## INDEPENDENT AUDITOR'S REPORT

### To the shareholders of MEL Consumer Care

#### Report on the financial statements

We have audited the accompanying separate financial statements of MEL Consumer Care S.A.E., which comprise the separate statement of financial position as at March 31, 2021, the separate statements of income, comprehensive income, changes in shareholders' equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

#### Management's responsibility for the financial statements

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

#### Auditor's responsibility

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

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

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

#### Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the unconsolidated financial position of MEL Consumer Care S.A.E. as at March 31, 2021, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

#### Emphasis of a matter

Without qualifying our opinion as indicated in note No. (11) of the notes to the Separate financial statements, the Company has subsidiaries, and in accordance with the Egyptian Accounting Standard No.(42) (Separate Financial Statements) and article 188 of the executive regulation of law 159 of 1981, the Company has to prepare consolidated financial statements for the group that could be referred to for a better understanding of the financial position, results of operations and cash flows for the Group as a whole.

## INDEPENDENT AUDITOR'S REPORT

### Report on Other Legal and Regulatory Requirements

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

As explained in note No. (20) of the notes to the financial statements which indicate that the company incurred loss amounted to LE 2 266 683 for the year ended March 31, 2021, and cumulative losses reached to L.E 129 495 449 as of March 31, 2021 which exceeded the half of the company's equity amounting to LE 227 155. In such cases the Egyptian companies law No. 159 for 1981 and its executive regulations and the company's Article of Incorporation requires the company's management should promptly convoke the Extra-Ordinary Meeting for consideration of the continuance of the company.

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

Cairo,

May 17, 2021

**KPMG Hazem Hassan**

Public Accountants & Consultants

**BALANCE SHEET**

As at 31 March, 2021

Particulars	Note No.	As at March 31,	
		2021 L.E.	2020 L.E.
<b>Non current assets</b>			
Fixed assets ( net )	(21-6),(10)	9	9
Investments in subsidiaires	(21-12),(11)	1,506,718	1,506,718
<b>Total Non current assets</b>		<b>1,506,727</b>	<b>1,506,727</b>
<b>Current assets</b>			
Debit balances	(21-13),(12)	556,445	556,445
Cash and cash equivalents	(21-14),(14)	2,250	750
<b>Total current assets</b>		<b>558,695</b>	<b>557,195</b>
<b>Total Assets</b>		<b>2,065,422</b>	<b>2,063,922</b>
<b>Equity</b>			
Issued & paid-up capital	(15)	250,000	250,000
Legal reserve	(21-11)	204,310	204,310
Retained (Losses)		(129,495,440)	(127,228,766)
<b>Total Equity</b>		<b>(129,041,130)</b>	<b>(126,774,456)</b>
<b>Current liabilities</b>			
Credit balances	(21-15),(17)	71,959	69,528
Due to related parties	(21-15),(13B)	130,377,335	128,571,027
Provisions	(21-10),(16)	657,258	197,823
<b>Total current liabilities</b>		<b>131,106,552</b>	<b>128,838,378</b>
<b>Total liabilities</b>		<b>131,106,552</b>	<b>128,838,378</b>
<b>Total equity and liabilities</b>		<b>2,065,422</b>	<b>2,063,922</b>

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

Head of Finance  
**Mohamed El-Arabi**

Chairman  
**Binjit Kumar Kadakapedlikayal**

**SEPARATE INCOME STATEMENT**

For the financial year ended 31 March 2021

Particulars	Note No.	For the year ended March 31,	
		2021	2020
		L.E.	L.E.
Other income	(3)	661,247,	-
General and administrative expenses	(4)	(194,769)	(125,682)
Other expenses	(5)	(689,894)	(5,091,285)
<b>Operating Loss</b>		<b>(223,416)</b>	<b>(5,216,967)</b>
Finance income	(21-4),(6)	34,115,	2,378,968,
Finance expense	(21-4),(7)	(2,077,373)	(1,180,060)
<b>Net finance income</b>		<b>(2,043,258)</b>	<b>1,198,908,</b>
<b>Loss for the year</b>		<b>(2,266,674)</b>	<b>(4,018,059)</b>
<b>Losses per share</b>	(8)	<b>(9,067)</b>	<b>(16,072)</b>

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



**STATEMENT OF COMPREHENSIVE INCOME**

For the financial year ended 31 March 2021

Particulars	For the year ended March 31,	
	2021	2020
	L.E.	L.E.
Net (losses) profits for the year	(2, 266, 674)	(4, 018, 059)
<b>Add:</b>		
Other comprehensive income	-	-
<b>Total Comprehensive (loss) income for the year</b>	<b>(2,266,674)</b>	<b>(4,018,059)</b>

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

## SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the financial year ended 31 March 2021

Description	Share capital	Legal reserve	Retained (losses)	Total
	L.E.	L.E.	L.E.	L.E.
<b>Balance as at 1 April 2019</b>	<b>250,000</b>	<b>204,310</b>	<b>(123,210,707)</b>	<b>(122,756,397)</b>
Total comprehensive income	-	-	-	-
Net loss for the year	-	-	(4,018,059)	(4,018,059)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(4,018,059)</b>	<b>(4,018,059)</b>
Total transactions with shareholders	-	-	-	-
<b>Balance as at 31 March 2020</b>	<b>250,000</b>	<b>204,310</b>	<b>(127,228,766)</b>	<b>(126,774,456)</b>
<b>Balance as at 1 April 2020</b>	<b>250,000</b>	<b>204,310</b>	<b>(127,228,766)</b>	<b>(126,774,456)</b>
<b>Total comprehensive income</b>				
Net loss for the year	-	-	(2,266,674)	(2,266,674)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(2,266,674)</b>	<b>(2,266,674)</b>
Total transactions with shareholders	-	-	-	-
<b>Balance as at 31 March 2021</b>	<b>250,000</b>	<b>204,310</b>	<b>(129,495,440)</b>	<b>(129,041,130)</b>

**STATEMENT OF CASH FLOWS**

For the financial year ended 31 March 2021

Particulars	Note No.	Year ended March 31,	
		2021 L.E.	2020 L.E.
<b>Cash Flows From Operating Activities :</b>			
Net Loss for the year		(2,266,674)	(4,018,059)
<b>Adjustments for:</b>			
Impairment in related parties		-	5,091,285
Present value loan interest	(7)	2,077,373	1,180,060
Impairment in fixed assets	(5)	-	-
<b>Changes In :</b>			
Credit balances		2,431	(13,338)
Due from related parties		-	(5,091,285)
Due to related parties		(271,065)	2,851,509
Used from provisions		459,435	(210)
<b>Net Cash (used in) operating activities</b>		<b>1,509</b>	<b>(38)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>1,509</b>	<b>(38)</b>
Cash and cash equivalents at the beginning of the year	(20-14,13)	750	788
<b>Cash and cash equivalents at the end of the year</b>	(20-14,13)	<b>2,259</b>	<b>750</b>

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

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2021

### 1- General

#### 1-1 Reporting entity

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

#### 1-2 Purpose of the Company

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

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

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

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

#### 1-4 Company's location

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

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

### 2- Basis of accounting

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

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

These separate financial statements were authorized by the board of directors for issue on the May 6, 2021.

#### 2-2 Basis of Measurement

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

#### 2-3 Functional and Presentation Currency

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

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

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

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

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

### Measurement of Fair Value

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

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

- On 3/18/2019, the Minister of Investment and International Corporation amended some regularities of the Egyptian accounting standards issued by Minister of Investment Decree No. 110 of 2015, which includes some new accounting standards and amendments to some existing standards.
- On April 12, 2020, the Financial Supervisory Authority issued a decision to postpone the implementation of amendments in the new Egyptian accounting standards to the periodic financial statements and limit them to the annual financial statements by the end of 2020.
- On September 17, 2020, Prime Minister Decision No. 1871 of 2020 was issued to postpone the implementation of the following Egyptian accounting standards until the first of January 2021:
  - Standard (47) – Financial Instruments – Not implemented
  - Standard (48) – Revenue from customer’s contracts
  - Standard (49) – Lease contracts
- The company has implemented early adoption as of the beginning of 2020 of Egyptian Accounting Standard No. 48 “Revenue from Contracts with Clients” (see A) and Egyptian Accounting Standard No. 49 “Lease Contracts” (see B) as of April 1, 2019.
- The company has chosen the modified cumulative effect method by treating the impact of changes in accounting policies resulting from the implementation of these standards. Consequently, the differences resulting from the implementation of those standards referred to above “if any” have been recognized in the retained earnings Account on April 1, 2019, and the comparative information included in that Financial statements to reflect the requirements of the new standards.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

### A – Egyptian Standard number (48) – Revenue from customers contracts

- Egyptian Accounting Standard No. 48 specifies a comprehensive framework for determining the value and timing of revenue recognition. This standard replaces the following Egyptian accounting standards (Egyptian Accounting Standard No. (11) “Revenue” and Egyptian Accounting Standard No. (8) “Construction contracts). Revenue is recognized When a client is able to control units or services, determining the timing of the transfer of control - over a period of time or at a point in time - requires a degree of personal judgment.

#### Transitional period

The company applied the standard using the modified cumulative effect method, noting that there was no significant impact as a result of applying this standard.

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

- The Egyptian Accounting Standard No. (49) replaces the Egyptian Accounting Standard No. (20) - the accounting rules and standards related to financial leasing operations.
- Egyptian Accounting Standard No. (49) “Lease Contracts” provides one accounting model for the lessor and the lessee where the lessee recognizes the Right to use of the leased asset within the company’s assets and recognizes a commitment which represents the present value of unpaid lease payments within the group’s obligations, considering that Lease contracts are not classified to the lessee as an operating lease or a finance lease. There are optional exemptions for short-term and low-value leases.
- With regard to the lessor, the lessor must classify each of his lease contracts either as an operating lease contract or as a finance lease contract.
- With regard to the finance lease, the lessor must recognize the assets held under a finance lease contract in the list of the financial position and display them as receivable sums in an amount equal to the net investment in the lease contract.
- With regard to the operating lease, the lessor must recognize the lease payments from the operational lease contracts as an income, either through the straight-line method or any other structured basis.
- The effect of applying Egyptian Accounting Standard No. 49 to the opening balances of the financial position, as of April 1, 2019.
- **Recognition and measurement**
  - At the beginning of the contract, the group evaluates whether the contract contains lease arrangements, and for such arrangements for leasing contracts, the company recognizes the right of use assets and liabilities of lease contracts, with the exception of short-term leasing contracts and low-value contracts as follows:
  - Upon initial recognition, the right of use asset is measured as the amount equal to the lease liability, which is measured initially and adjusted for pre-contract lease payments, initial direct costs, lease incentives, and the discounted value of the estimated costs of dismantling and removing the asset. In the subsequent measurement, the right of use asset is measured at cost minus the accumulated depreciation and the accumulated impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful lives of the right of use assets or the lease term, which is less.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

- The contract lease liability is measured at the beginning of the lease contract with the present value of the unpaid lease payments on that date over the lease period, and the lease payments must be deducted using the additional borrowing rate prevailing in the country in general, the company uses the additional borrowing rate as the discount rate. Then the lease contract liability is measured at amortized cost using the effective interest rate method.
- The right of use assets and the lease contract liability will be re-measured later in case of any events of the following events occurs:
  - The change in the lease price due to the price linkage or the rate that became reliable in the period.
  - Amendments to the lease contract
  - Reassessment of the lease term
- Contracts for leasing Not essential assets that are not related to the main operating activities, which are short-term in nature (less than 12 months including renewal options) and lease contracts for impaired assets are included in the income statement as incurred.

### Transitional period

- The company applied the standard using the modified cumulative effect method, noting that there was no significant impact as a result of applying this standard.

### 3- Other Income

Particulars	Note	2021	2020
		L.E.	L.E.
Impairment on related parties		661,247	-
	(16)	<b>661,247</b>	-

### 4- General and administrative expenses

Particulars	2021	2020
	L.E.	L.E.
Salaries and wages	60,760	58,014
Legal expnses	53,911	2,687
Consulting services	73,945	57,645
Other expenses	6,153	7,336
	<b>194,769</b>	<b>125,682</b>

### 5- Other expenses

Particulars	2021	2020
	L.E.	L.E.
Impairment on related parties	-	5,091,285
Provisions	689,894	-
	<b>689,894</b>	<b>5,091,285</b>

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2021

### 6- Finance income

Particulars	2021	2020
	L.E.	L.E.
Losses on fixed assets sales	34,115	2,378,968
	<b>34,115</b>	<b>2,378,968</b>

### 7- Finance expense

Particulars	2021	2020
	L.E.	L.E.
Debit interest	2,077,373	1,180,060
	<b>2,077,373</b>	<b>1,180,060</b>

### 8- Losses per share

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

Particulars	2021	2020
	L.E.	L.E.
Net losses for the year (L.E.)	(2,266,683)	(4,018,059)
<b>Less:</b>	-	-
Employee's share profit	-	-
BOD remuneration	-	-
	<b>(2,266,683)</b>	<b>(4,018,059)</b>
The outstanding number of shares during the year	<b>250</b>	<b>250</b>
<b>Losses per share for the year (L.E./share)</b>	<b>(9,067)</b>	<b>(16,072)</b>

### 9- Reconciliation of effective tax rate

Particulars	Tax	31/03/2021	Tax	31/03/2020
	Rate	L.E.	Rate	L.E.
Net loss before income tax		<b>(2,266,683)</b>		<b>(4,018,059)</b>
Income tax on accounting loss	22.50%	(510,004)	22.50%	904,063
Non – deductible expenses		-		1,145,492
Provisions		119,020		-
Unrecognized carry forward tax sses		390,984		293,839
Others		-		(535,268)
<b>Income tax</b>	<b>%</b>	<b>-</b>	<b>%</b>	<b>-</b>



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2021

**10- Fixed Assets**

Description	Computers & Software	Total
	L.E.	L.E.
Cost as at 1/4/2019	342,867	342,867
<b>Cost as at 31/3/2020</b>	<b>342,867</b>	<b>342,867</b>
Cost as at 1/4/2020	342,867	342,867
<b>Cost as at 31/3/2021</b>	<b>342,867</b>	<b>342,867</b>
<b>Accumulated depreciation</b>		
Accumulated depreciation as at 1/4/2019	342,858	342,858
<b>Accumulated depreciation as at 31/3/2020</b>	<b>342,858</b>	<b>342,858</b>
Accumulated depreciation as at 1/4/2020	342,858	342,858
<b>Accumulated depreciation as at 31/3/2021</b>	<b>342,858</b>	<b>342,858</b>
<b>Net book Value at 31/3/2020</b>	9	9
<b>Net book Value at 31/3/2021</b>	<b>9</b>	<b>9</b>

**11- Investments in subsidiaries**

Particulars	2021	2020
	L.E.	L.E.
Marico Egypt for Industries Company	1,506,718	1,506,718
*Marico for Consumer Care Products	56,078,015	56,078,015
(Less):-	<b>57,584,733</b>	<b>57,584,733</b>
Impairment on investments in subsidiaries	(56,078,015)	(56,078,015)
	<b>1,506,718</b>	<b>1,506,718</b>

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

\* The percentage of ownership in Marico for Consumer Care Products Company is 99 %.

\* In accordance with the decision of the General Authority for Investment No 4/525 for year 2016, approved on 15 May 2017 the change of the legal form of Marico for Consumer Care Products from Partnership company to Joint Stock Company, under the provision of law No. 72 of 2017, and the increase in the capital of Marico for Consumer Care Products Company from the credit current account due to MEL Consumer Care Company by L.E. 55,018,560.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2021

### 12- Debtors & Other Debit Balance

Particulars	2021	2020
	L.E.	L.E.
Debtors and other debit balances	556,445	556,445
	<b>556,445</b>	<b>556,445</b>

### 13- Related parties transactions

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

Related party	Nature of Relationship	Type of transactions	Significant transactions during the year ended 2021	Significant transactions during the year ended 2020
			L.E.	L.E.
Marico for Consumer Care Products	Affiliated Company	Finance	-	4,495,375
Marico for Consumer Care Products	Affiliated Company	Others	(661,246)	-
Egyptian American Company for investment and industrial development	Affiliated Company	Finance	-	595,909
Marico Middle East Company-MME	Affiliated Company	Present value loan interest	2,077,373	1,180,060
Marico Middle East Company-MME	Affiliated Company	Others	(34,116)	(2,378,974)
Marico Egypt for Industries Company	Affiliated Company	Finance	-	5,230,483
Marico Egypt for Industries Company	Affiliated Company	Finance	236,949	-

Those transactions resulted in the following balances as at 31 March 2021:

#### A) Due from related parties:

Particulars	Note no	31/03/2021	31/03/2020
		L.E.	L.E.
Marico for Consumer Care Products		56,681,710	57,342,956
Egyptian American Company for investment and industrial development		3,529,683	3,529,683
		<b>60,211,393</b>	<b>60,872,640</b>
(Less):-			
Impairment on related parties	16	(60,211,393)	(60,872,640)
		-	-

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2021

### B) Due to related parties:

Particulars	31/03/2021	31/03/2020
	L.E.	L.E.
Marico Middle East Company-MME	26,766,152	24,722,895
Marico Egypt for Industries Company	103,611,183	103,848,132
	<b>130,377,335</b>	<b>128,571,027</b>

### 14- Cash and cash equivalents

Particulars	2021	2020
	L.E.	L.E.
Banks - current accounts	2,250	750
	<b>2,250</b>	<b>750</b>

### 15- Share capital

- A. Authorized capital of the company is L.E. 2,500 000.
- B. The issued and fully paid capital of the company is L.E. 250,000 Egyptian pounds represented in 250 shares, at par value L.E. 1,000 and The percentage of foreigners' contribution is 100%.

### 16- Provisions and impairment in assets

Particulars	Balance as at 1/4/2020	Used during the year	No longer Required	Formed during the year	Balance at 31/03/2021
	L.E.	L.E.	L.E.	L.E.	L.E.
Claims provision	197,823	(230,459)	-	689,894	657,258
	<b>197,823</b>	<b>(230,459)</b>	-	<b>689,894</b>	<b>657,258</b>
Impairment in investment in subsidiaries	56,078,015	-	-	-	56,078,015
Impairment in related parties	<b>60,872,640</b>	-	<b>661,247</b>		<b>60,211,393</b>

### 17- Credit balances

Particulars	31/03/2021	31/03/2020
	L.E.	L.E.
Accrued expenses	56,381	61,380
Social insurance authority	15,474	8,012
Other credit balances	104	136
	<b>71,959</b>	<b>69,528</b>

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2021

### 18- Tax position

#### a) Corporate Tax:

##### Years from commencement of operation till 31/3/2021

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

The company submits declarations on legal dates.

#### b) Sales Tax:

##### Years from commencement of operation till 31/8/2013:

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

##### Period from 1 September 2013 to 2020

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

The company submits declarations on legal dates.

#### c) Value added tax

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

#### d) Payroll tax:

##### Years from commencement of operation till 31/03/2008:

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

##### Years from 1/04/2008 till 2020

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

The company submits declarations on legal dates.

#### e) Stamp duty tax:

##### Years from commencement till 31/3/2020:

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

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

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

#### A) Credit risk

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2021

**B) Foreign exchange risk**

This risk is represented in the risk of fluctuation in exchange rates, which in turn affects the company's cash inflows and outflows as well as the translation of its monetary foreign currency assets and liabilities. As of the balance sheet date the company has monetary, foreign currency, assets and liabilities equivalent to L.E. 63 and L.E 26 766 152 respectively.

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

<b>Foreign Currency</b>	<b>Deficit</b>
US Dollars	1,701,329

And as stated in note (21-1) "Foreign Currency Translation", the above mentioned balances of monetary foreign currency assets and liabilities were translated using the prevailing exchange rate at the balance sheet date.

**C) Interest risk**

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

**D) Liquidity risk**

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

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

<b>Particulars</b>	<b>Book value</b>	
	<b>31/03/2021</b>	<b>31/03/2020</b>
	<b>L.E.</b>	<b>L.E.</b>
Credit balances	71,959	69,528
Due to related parties	130,377,336	128,571,027
	<b>130,449,295</b>	<b>128,640,555</b>

**19- Going concern**

The company achieved a net loss for the fiscal year ending on March 31, 2021, an amount of L.E. 2 266 683. Thus, the accumulated losses on the same date amounted to L.E. 129 495 449, exceeding half of the Paid in capital according to the company's last annual financial statements, amounting to L.E. 227 155. Most of the company's liabilities are concentrated in the amount due to the parent company, which at the date of the balance sheet amounted to L.E. 26 766 153. The company's management relies on its continued practice of the activity on the support of the parent company. According to the Companies Law No. 159 of 1981, its implementing regulations, and the articles of association of the company, the company's management must invite the extraordinary general assembly to consider the liquidation or continuity of the company.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2021

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

### 21- Significant accounting policies

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

#### 20-1 Foreign Currency

##### Foreign Currency Transaction

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

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

Foreign currency differences are generally recognized in profit or loss.

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

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

#### 20-2 Revenue

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

#### 20-3 Employees Benefits

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

#### 20-4 Finance income and finance costs

The company's finance income and finance costs include:

- interest income;
- interest expense;

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

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

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

### 21-5 Income taxes

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

#### i. Current income tax

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

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

#### ii. Deferred tax

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

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

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. .

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

### 21-6 Fixed assets and depreciation

#### 1- Recognition and measurement

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

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

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

#### 2- Subsequent expenditure

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

#### 3- Depreciation

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

Asset	Period
Computer & software	3 years

#### 4- Construction contracts in progress

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

### 21-7 Financial Instruments

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

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

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

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



## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

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

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

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

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

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

#### **Held-to-maturity financial assets**

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

#### **Loans and receivables**

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

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

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

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

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

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

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

### 4) Derivative financial instruments and hedge accounting

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

#### Cash flow hedges

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

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

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

### 21-8 Share capital

#### Ordinary shares

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

### 21-9 Impairment

#### 1) Non Derivative Financial Assets

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

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

### Financial assets measured at amortized cost

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

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

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

### Available-for-sale financial assets

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

### Equity-accounted investees

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

## 2) Non-financial assets

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

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

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

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

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

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

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

### 21-10 Provisions

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

### 21-11 Legal reserve

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

### 21-12 Investments

Investment in subsidiaries and associates are stated at cost and the book value is decreased in the event of permanent decline in the value of these investments. Each investment is valued individually.

Held to maturity investment are valued at cost. Investment income is recognized when received, after the acquisition date.

### 21-13 Due from related parties , debtors and debit balances

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

### 21-14 Cash and cash equivalents

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

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

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

### 21-16 Cash flow statement

Cash flow statement is prepared according to the indirect method.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2021

### 21-17 Employees' retirements benefits

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

### 21-18 Cash dividends

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

### 22- Significant events

The impact of the recent outbreak of the virus (Covid-19) on the global economy and markets continues. And its negative impact on several aspects to the company. Accordingly, the company's management has formed a working group to develop and implement contingency plans to meet these exceptional circumstances. And we are currently closely monitoring and evaluating all developments related to the spread of the emerging virus. As all necessary procedures will be taken to protect our employees, suppliers, customers of the company and all stakeholders associated with the company.

According to our current knowledge and available information, we do not expect the emerging (Covid-19) virus to have an impact on the company's ability to continue for the foreseeable future.

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

On March 18, 2019, The minister of Investment and International Corporation introduce amendment to some provision of the Egyptian Accounting Standards (EAS) issued there by virtue of Decree No 110 of 2015 , which include some new accounting standard as well as introducing amendment to certain existing slandered and on on September 20 2019 the Prime minister decision No 1871 of 2020 was issue to Postpone the application of the following accounting standards.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2021

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

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

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

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

### **BOARD OF DIRECTORS (AS ON MARCH 31, 2021)**

Mr. Durgesh Chugh (until March 15, 2021)  
Mr. Binjit K. (w.e.f. March 15, 2021)  
Mr. Mohamed El-Arabi  
Ms. Marwa Hussein (representing MELCC)  
Mr. Hatem Hamed (representing MELCC) (until June 10, 2020)  
Mr. Ayman Sameh Zaki (representing MELCC) (w.e.f. June 10, 2020)  
Mr. Ashish Joshi (until June 10, 2020)

### **REGISTERED OFFICE**

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

### **AUDITORS**

KPMG Hazem Hassan

### **BANKERS**

HSBC  
QNB Al-Ahly

### **LEGAL ADVISORS**

Yasser Maharem Office for Accounting & Auditing  
Nassef Law Firm



## **INDEPENDENT AUDITOR'S REPORT**

**To: the shareholders of Marico Egypt for industries SAE**

### **Report on the financial statement**

We have audited the accompanying financial statements of Marico Egypt for Industries Company S.A.E., which comprise the statement of financial position as at March 31, 2021, the statements of income, comprehensive income, changes in shareholders' equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Management's responsibility for the financial statements**

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

### **Auditor's responsibility**

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marico Egypt for Industries Company S.A.E. as at March 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

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

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

The Company maintains proper books of account, which include all that is required by law and by the statutes of the Company; the financial statements are in agreement thereto. The Company maintains proper costing accounts and the inventory was counted by management in accordance with methods in practice.

As explained in note No. (21) of the notes to the financial statements which indicate that the company incurred net loss amounted to LE 384 131 for the year ended March 31, 2021, and cumulative losses reached to L.E 21 516 743 as of March 31, 2021 which exceeded the half of the company's equity amounting to LE 8 614 669. In such cases the Egyptian companies law No. 159 for 1981 and its executive regulations and the company's Article of Incorporation requires the company's management should promptly convoke the Extra-Ordinary Meeting for consideration of the dissolution of the company or its continuance.

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

**KPMG Hazem Hussan**

**Cairo, May 17, 2021.**

**Public Accountants and Cunsultants**

**STATEMENT OF FINANCIAL POSITION**

As at 31 March, 2021

Particulars	Notes No.	As at March 31,	
		2021	2020
		L.E.	L.E.
<b>Non current assets</b>			
<b>Current assets</b>			
Trade & other receivables	(22-11),(11)	469 629	770 073
Prepayments	(22-11),(12)	-	1 750
Cash and cash equivalent	(22-12),(14)	10 351	81 205
<b>Total current assets</b>		<b>479,980</b>	<b>853,028</b>
<b>Total Assets</b>		<b>479,980</b>	<b>853,028</b>
<b>Equity</b>			
Issued & paid-up capital	(15)	12 287 690	12 287 690
Legal reserve	(22-10)	4 941 647	4 941 647
Retained losses		(21 516 743)	(21 132 612)
<b>Total equity</b>		<b>(4,287,406)</b>	<b>(3,903,275)</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Banks overdraft	(17)	17 600	60 095
Trade & Other Payable	(22-13),(18)	774 679	777 494
Provisions	(22-9),(16)	3 975 107	3 918 714
<b>Total current liabilities</b>		<b>4,767,386</b>	<b>4,756,303</b>
<b>Total liabilities</b>		<b>4,767,386</b>	<b>4,756,303</b>
<b>Total equity and liabilities</b>		<b>479,980</b>	<b>853,028</b>

The accompanying notes from page (8) to page (29) form an integral part of these financial statements.

**Head of Finance**  
**Mohamed El-Arabi**

**Chairman**  
**Binjit Kumar Kadakapedlikayal**

**INCOME STATEMENT**

For the financial year ended 31 March, 2021

Particulars	Notes No	For the year ended March 31,	
		2021 L.E.	2020 L.E.
<b>Other Operative income</b>	(3)	236 949	981 720
General & Administrative expenses	(4)	(266 893)	(682 903)
Other operative expenses	(5)	(56 393)	(5 543 188)
<b>Operating loss</b>		<b>(86 337)</b>	<b>(5 244 371)</b>
Finance income	(22-4),(6)	1 619	765 804
Finance cost	(22-4),(7)	(299 050)	( 194 355)
<b>Net finance income / (cost)</b>		<b>( 297 431)</b>	<b>571 449</b>
<b>(Loss) before tax</b>		<b>(383 768)</b>	<b>(4 672 922)</b>
Income tax expense	(24-5,8)	( 363)	19 122
<b>(Loss) for the year</b>		<b>(384 131)</b>	<b>(4 653 800)</b>
Losses per share	(22-14)	<b>(0.31)</b>	<b>(3.79)</b>

The accompanying notes from page (8) to page (29) form an integral part of these financial statements.

**STATEMENT OF COMPREHENSIVE INCOME**

For the financial year ended 31 March, 2021

Particulars	2021 L.E.	2020 L.E.
Net loss after tax	(384,131)	(4,653,800)
<b>Add:</b>		
Other comprehensive income	-	-
<b>Total Comprehensive losses for the year /period</b>	<b>(384,131)</b>	<b>(4,653,800)</b>

The accompanying notes from page (8) to page (29) form an integral part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY**

For the financial year ended 31 March, 2021

Description	Issued & paid-in- capital L.E.	Legal reserve L.E.	Retained Losses L.E.	Total L.E.
<b>Balance as of 1 April 2019</b>	<b>12,287,690</b>	<b>4,941,647</b>	<b>(16,478,812)</b>	<b>750,525</b>
<b>Comprehensive Income</b>				
Net loss for the period	-	-	(4,653,800)	(4,653,800)
Other comprehensive income items	-	-	-	-
<b>Total comprehensive income</b>			<b>(4,653,800)</b>	<b>(4,653,800)</b>
<b>Total transactions with shareholders</b>				
<b>Balance as of 31 March 2020</b>	<b>12,287,690</b>	<b>4,941,647</b>	<b>(21,132,612)</b>	<b>(3,903,275)</b>
<b>Balance as of 1 April 2020</b>	<b>12 287 690</b>	<b>4,941,647</b>	<b>(21,132,612)</b>	<b>(3 903 275)</b>
<b>Comprehensive Income</b>				
Net loss for the year	-	-	(384,131)	(384,131)
Other comprehensive income items	-	-	-	-
<b>Total comprehensive income</b>	-	-	<b>(384,131)</b>	<b>(384,131)</b>
<b>Total transactions with shareholders</b>	-	-	-	-
<b>Balance as of 31 march 2021</b>	<b>12,287,690</b>	<b>4,941,647</b>	<b>(21,516,743)</b>	<b>(4,287,406)</b>

The accompanying notes from page (8) to page (29) form an integral part of these financial statements.

**STATEMENT OF CASH FLOW**

For the financial year ended 31 March, 2021

Particulars	Notes No	Year ended March 31,	
		2021 L.E.	2020 L.E.
<b>Cash Flows From Operating Activities :</b>			
Net loss before tax		(383,768.00)	(4,672,922.00)
<b>Adjustments for:</b>			
Depreciation	(11)	-	81,708.00
Gain on sale of fixed assets		-	(665,240.00)
Provisions formed	(16)	56,393.00	312,705.00
Provisions no longer required	(16)	-	(258,896.00)
Impairment in related parties	(16)	-	5,230,483.00
Return on investment treasury bills		-	(592.00)
		<b>(327,375)</b>	<b>27,246</b>
<b>Changes In:</b>			
Trade and other receivables		350,444.00	(297,521.00)
Prepayments		1,750.00	1,894.00
Trade and other payables		(3,178.00)	(287,601.00)
Related parties		-	(5,301,833.00)
Provisions used	(16)	-	(90,175.00)
<b>Net cash used in operating activities</b>		<b>21,641</b>	<b>(5, 947, 990)</b>
<b>Cash Flows From Investing Activities :</b>			
Proceeds from sale of fixed assets & Intangible assets		-	743,763.00
Acquisition of investments held to maturity		-	9,241,704.00
<b>Net cash from investing activities</b>		<b>-</b>	<b>9 985 467</b>
<b>Cash Flows From Financing Activities</b>			
Payments to bank overdraft		(42,495.00)	(4,028,914.00)
<b>Net cash used in financing activities</b>		<b>(42,495)</b>	<b>(4,028,914)</b>
<b>Net change in cash and cash equivalents</b>		<b>(20,854)</b>	<b>8,563</b>
<b>Cash and cash equivalents at the beginning of the year</b>	(22-15),(14)	31,205	22,642
<b>Cash and cash equivalents at the end of the year</b>	(22-15),(14)	<b>10,351</b>	<b>31,205</b>

The accompanying notes from page (8) to page (29) form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2021

### 1. General

#### 1-1 Company's background

Pyramids for modern Industries Company" was established according to the law No 8 year 1997 of investment guarantees and its executive regulations and was registered in the commercial register under No 79585 dated 26/2/1998.

- On 17/12/2006, the contract of the company was approved to amend the articles No (2), (5), (7) which was ratified in public notary office under ratification No 25/A for year 2007, and the chairman of the General Authority of Investment decree No 61/E of year 2007 to change the name of the company to Mel for Consumer Care products & its partners "Pyramids modern Industries" (PIM) and changing the legal entity of the company to general partnership.
- According to the decision of the partners meeting which was held on 29/11/2007 for approving the changing of the legal status of the company from general partnership Co to joint stock according to the law No 8 year 1997.
- On 1/6/2008, the partners meeting approved the resolution of the Chairman of the General Authority For Investment No. 1646/4 for year 2006 that resulted of company's net equity amounted to L.E. 12 287 690 as of 31/12/2007, approving the changing of the legal status of the company from general partnership Co to joint stock according to the law No 8 year 1997, and changing the company's name to Marico Egypt for Industries Company (S.A.E).
- On 3/11/2008, the Chairman of the General Authority For Investment decree No 532/2 of year 2008 approved the amendments related to the contract.

#### 1-2 Purpose of the Company

General trade in all legally permitted, manufacturing for others and export and import. The company adheres to the regulations of Law No. 121 of 1982 of the importers 'register. The establishment of the company does not create any right to practice its purpose except after obtaining the necessary licenses to practice its activity from the concerned authorities according to the laws regulating for this purpose, without breach the law, and its executive regulations, and with the necessary licenses to practice these activities, and the company may participate in any way with the companies and others that carry out activities similar to its business or that may help it to achieve its purpose in Egypt or abroad, and it may also merge with it or buy it or join it; and that's is according to law and its executive regulations.

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

The period of the company is 25 years starting from 26/2/1998 till 25/2/2023.

#### 1-4 Company's location

The company is located at plot no. 6004, 6005 6th industrial zone – Sadat district – Menoufia. The extraordinary general assembly decided to transfer the location of the company to plot No. 3 – 23 Abdelrahman ST – Sheraton – Nozha –Cairo. This was indicated in the commercial register.

The address has been modified and has been referred to in the Commercial Registry to Unit No. 31, 3rd Floor, Tower No. 4 Bavaria Town - Plot 10 A - Katameya Investment Area - Ring Road - El Basateen - Cairo.



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2021

### 2- Basis of preparation

#### 2-1 Statement of compliance

These financial statements have been prepared in accordance with the Egyptian Accounting Standard and relevant Egyptian laws and regulations.

These financial statements were authorized by the board of directors for issue on May 06, 2021.

#### 2-2 Basis of measurement

These financial statements have been prepared on historical cost basis

#### 2-3 Function and presentation currency

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

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

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

\* The estimates and underlying assumptions are reviewed on an ongoing basis.

\* Revisions to accounting estimates are recognized in The year in which The estimate is revised, if The revision affects The year under revision and future periods, these differences are recognized only in The year under revision and future periods.

#### Measurement of Fair Value

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

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

- On 3/18/2019, the Minister of Investment and International Corporation amended some regularities of the Egyptian accounting standards issued by Minister of Investment Decree No. 110 of 2015, which includes some new accounting standards and amendments to some existing standards.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2021

- On April 12, 2020, the Financial Supervisory Authority issued a decision to postpone the implementation of amendments in the new Egyptian accounting standards to the periodic financial statements and limit them to the annual financial statements by the end of 2020.
- On September 17, 2020, Prime Minister Decision No. 1871 of 2020 was issued to postpone the implementation of the following Egyptian accounting standards until the first of January 2021:
  - Standard (47) – Financial Instruments – Not implemented
  - Standard (48) – Revenue from customer’s contracts
  - Standard (49) – Lease contracts
- The company has implemented early adoption as of the beginning of 2020 of Egyptian Accounting Standard No. 48 “Revenue from Contracts with Clients” (see A) and Egyptian Accounting Standard No. 49 “Lease Contracts” (see B) as of April 1, 2019.
- The company has chosen the modified cumulative effect method by treating the impact of changes in accounting policies resulting from the implementation of these standards. Consequently, the differences resulting from the implementation of those standards referred to above “if any” have been recognized in the retained earnings Account on April 1, 2019, and the comparative information included in that Financial statements to reflect the requirements of the new standards.

### A – Egyptian Standard number (48) – Revenue from customers contracts

- Egyptian Accounting Standard No. 48 specifies a comprehensive framework for determining the value and timing of revenue recognition. This standard replaces the following Egyptian accounting standards (Egyptian Accounting Standard No. (11) “Revenue” and Egyptian Accounting Standard No. (8) “Construction contracts). Revenue is recognized When a client is able to control units or services, determining the timing of the transfer of control - over a period of time or at a point in time - requires a degree of personal judgment.

#### Transitional period

The company applied the standard using the modified cumulative effect method, noting that there was no significant impact as a result of applying this standard.

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

- The Egyptian Accounting Standard No. (49) replaces the Egyptian Accounting Standard No. (20) - the accounting rules and standards related to financial leasing operations.
- Egyptian Accounting Standard No. (49) “Lease Contracts” provides one accounting model for the lessor and the lessee where the lessee recognizes the Right to use of the leased asset within the company’s assets and recognizes a commitment which represents the present value of unpaid lease payments within the group’s obligations, considering that Lease contracts are not classified to the lessee as an operating lease or a finance lease. There are optional exemptions for short-term and low-value leases.
- With regard to the lessor, the lessor must classify each of his lease contracts either as an operating lease contract or as a finance lease contract.
- With regard to the finance lease, the lessor must recognize the assets held under a finance lease contract in the list of the financial position and display them as receivable sums in an amount equal to the net investment in the lease contract.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2021

- With regard to the operating lease, the lessor must recognize the lease payments from the operational lease contracts as an income, either through the straight-line method or any other structured basis.
- The effect of applying Egyptian Accounting Standard No. 49 to the opening balances of the financial position, as of April 1, 2019.

### Recognition and measurement

- At the beginning of the contract, the group evaluates whether the contract contains lease arrangements, and for such arrangements for leasing contracts, the company recognizes the right of use assets and liabilities of lease contracts, with the exception of short-term leasing contracts and low-value contracts as follows:
  - Upon initial recognition, the right of use asset is measured as the amount equal to the lease liability, which is measured initially and adjusted for pre-contract lease payments, initial direct costs, lease incentives, and the discounted value of the estimated costs of dismantling and removing the asset. In the subsequent measurement, the right of use asset is measured at cost minus the accumulated depreciation and the accumulated impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful lives of the right of use assets or the lease term, which is less.
  - The contract lease liability is measured at the beginning of the lease contract with the present value of the unpaid lease payments on that date over the lease period, and the lease payments must be deducted using the additional borrowing rate prevailing in the country in general, the company uses the additional borrowing rate as the discount rate. Then the lease contract liability is measured at amortized cost using the effective interest rate method.
  - The right of use assets and the lease contract liability will be re-measured later in case of any events of the following events occurs:
    - The change in the lease price due to the price linkage or the rate that became reliable in the period.
    - Amendments to the lease contract
    - Reassessment of the lease term
- Contracts for leasing Not essential assets that are not related to the main operating activities, which are short-term in nature (less than 12 months including renewal options) and lease contracts for impaired assets are included in the income statement as incurred.

### Transitional period

- The company has applied the Egyptian Accounting Standard No. (49) using the modified cumulative effect method, which means that the effect of applying the standard has been recognized in retained earnings as of April 1, 2019, and the comparative figures have not been modified.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2021

**3- Other income**

Particulars	Note	2021	2020
		L.E.	L.E.
Gain on sale of fixed assets		-	665,240
Provisions no longer required		-	258,895
Impairment in related parties	(16)	236,949	-
Others		-	57,585
		<b>236,949</b>	<b>981,720</b>

**4- General and administrative expenses**

Particulars	2021	2020
	L.E.	L.E.
Salaries and wages	89,866	312,503
Depreciation	-	81,708
Consulting services	154,559	228,079
Insurance expenses	-	2,584
Vehicles expenses	-	30,427
Other expenses	22,468	27,602
	<b>266,893</b>	<b>682,903</b>

**5- Other operating expenses**

Particulars	2021	2020
	L.E.	L.E.
Provision formed during the year	56,393	312,705
Impairment in related parties balances	-	5,230,483
	<b>56,393</b>	<b>5,543,188</b>

**6- Finance income**

Particulars	2021	2020
	L.E.	L.E.
Credit interest	1,614	765,216
Foreign currency exchange gain	5	588
	<b>1,619</b>	<b>765,804</b>

**7- Finance cost.**

Particulars	2021	2020
	L.E.	L.E.
Debit interest	299,050	194,355
	<b>299,050</b>	<b>194,355</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2021

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

Particulars	Note No.	2021 L.E.	2020 L.E.
Deferred tax		-	72,920
Treasury bills tax		363	(92,042)
	(8-2)	<b>363</b>	<b>(19,122)</b>

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

Particulars	Tax Rate	2021 L.E.	Tax Rate	2020 L.E.
Net loss before income tax	%22.5	<b>383,131</b>	%22.5	(4,672,922)
Income tax on accounting profit		(86,429)		(1,051,408)
Non – deductible expenses		-		4,902
Treasury bills revenue		-		92,042
Unrecognized tax losses		73,378		(63,797)
Provisions & Impairments		12,688		1,168,677
Others		-		(131,294)
<b>Income tax / effective tax rate</b>		<b>(363)</b>		<b>19,122</b>

**9- Losses per share**

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

Particulars	2021 L.E.	2020 L.E.
Net losses of the year (L.E.)	(384,131)	(4,653,800)
<b>Less:</b>		
Employees' profit share	-	-
Board of directors remuneration	-	-
	<b>(384,131)</b>	<b>(4,653,800)</b>
<b>Weighted average for the ordinary shares numbers</b>	1,228,769	1,228,769
<b>Losses per share (L.E. / Share)</b>	<b>(0.31)</b>	<b>(3.79)</b>

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

Particulars	31.03.2021		31.03.2020	
	Assets	Liabilities	Assets	Liabilities
	L.E.	L.E.	L.E.	L.E.
Fixed assets	-	-	-	-
Net deferred tax assets	-	-	-	-
<b>Less :</b>				
Deferred tax previously charged	-	-	(72,920)	-
Deferred tax charged to the statement of income	-	-	<b>72,920</b>	-

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2021

**B- Unrecognized deferred tax assets**

Particulars	2021	2020
	L.E.	L.E.
Claims provision	883,961	881,711
Impairment in related parties	23,312,516	23,365,829
	<b>24,196,477</b>	<b>24,247,540</b>

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

**11- Trade and other receivables**

Particulars	2021	2020
	L.E.	L.E.
Tax authority – withholding tax	465,812	762,766
Employees' imprest funds	3,758	3,758
Social insurance authority	-	2,781
Accrued credit interest	-	768
Other debit balances	59	-
	<b>469,629</b>	<b>770,073</b>

**12- Prepayments**

Particulars	2021	2020
	L.E.	L.E.
Prepayments	-	1,750
	<b>-</b>	<b>1,750</b>

**13- Related parties transactions**

The company deals with related parties represented in associate companies, shareholders and entities owned by shareholders (affiliate companies).

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

Related party	Country	Type of transactions	Significant transactions during the year 2021	Significant transactions during the year 2020
			L.E.	L.E.
- MEL Company Egypt	Egypt	Finance	-	5,230,483
- MEL Company Egypt	Egypt	Others	(236,949)	
- Marico Limited Company - India	India	Transfers during the year	-	(65,521)
- Marico - SEA	Vietnam	Transfers during the year	-	(5,829)

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2021

Those transactions resulted in the following balances as at March 31, 2021:

**A) Due from related parties:**

Particulars	31/3/2021	31/3/2020
	L.E.	L.E.
MEL Consumer Care Company- Egypt	103,611,183	103,848,132
<b>Less:</b>		
Impairment on related parties	(103,611,183)	(103,848,132)
	-	-

**14- Cash and cash equivalents**

Particulars	31/3/2021	31/3/2020
	L.E.	L.E.
Banks - current accounts	10,351	31,205
Time deposits	-	50,000
	<b>10,351</b>	<b>81,205</b>
<b>Less:</b>		
Time deposits	-	(50,000)
<b>Cash and cash equivalents in the statements of cash flows</b>	<b>10,351</b>	<b>31,205</b>

**15- Share capital**

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

- The share capital is presented as the following :

Name	No. of Shares	Share Value L.E.
Marico For Consumer Care Products S.A.E	1 216 481	12,164,810
Mr Padmanadh Suresh Maydeo	6 144	61,440
Mr Durgesh Chugh	6 144	61,440
<b>Total</b>	<b>1,228,769</b>	<b>12,287,690</b>

The percentage of Egyptian shareholder share is 99 %

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

	Balance at 01/04/2020	Formed during the year	Used during the year	Provisions no longer required	Balance at 31/03/2021
	L.E.	L.E.	L.E.	L.E.	L.E.
Claims provision	3,918,714	10,000	-	-	3,928,714
Others provision	-	46,393	-	-	46,393
	<b>3,918,714</b>	<b>56,393</b>	-	-	<b>3,975,107</b>
Impairment in related parties	<b>103,848,132</b>	-	-	<b>(236,949)</b>	<b>103,611,183</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2021

**17- Bank facilities**

Particulars	2021	2020
	L.E.	L.E.
QNB Bank	17,600	60,095
	<b>17,600</b>	<b>60,095</b>

**18- Trade and other payables**

Particulars	31/3/2021	31/3/2020
	L.E.	L.E.
Suppliers	17,763	128,689
Accrued expenses	587,328	477,656
Tax authority	-	4,324
Salaries & bonus of expats	166,577	166,825
Social insurance authority	3,011	-
	<b>774,679</b>	<b>777,494</b>

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

Years from commencement of operation till 2008

“The company has tax exemption from 1 January 2007 till 31 December 2016 according to the company’s tax card. The company wasn’t inspected for those years.”

**Years from 2009 till 2010:**

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

**Years from 2011 till 2012:**

The company was inspected and resulted with exempted tax base.

**Years from 2013 till 2016:**

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

**Years from 2017 till 2020:**

The company wasn’t inspected for those years.

**b) Value added Tax:****Years from commencement of operation till 2015:**

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

**Period from 2016 to till 2020:**

“The tax inspection has not yet been done for this period and no tax claims were received. The company is submitting the VAT returns regularly on the legal dates.”



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2021

**c) Payroll tax:**

**Years from commencement of operation till 2012:**

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

**Years from 2013 till 2020**

“The company is under inspection and no tax claims were received till that date. The company is submitting the payroll tax regularly on the legal dates.”

**d) Stamp duty tax:**

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

“The tax inspection was done, and the company paid all the resulting differences. The company is submitting the tax according to the established form.”

**Year 2020:**

The company wasn't inspected for this year.

**e) Withholding tax:**

The company is submitting forms No. (41) regularly on the legal dates.

**Years from commencement till 31/12/2017:**

The inspection was completed from inception till 31/12/2017.

**Years from 2018 till 2020:**

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

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

Financial instruments are represented in the balances of cash and cash equivalent, trade & notes receivables, trade and notes payable, due to/from affiliates and subsidiaries and other monetary items included in debtors and creditors accounts and the book value of these financial instruments represents a reasonable estimate of their fair values. Note No. (22) of the notes to the financial statements includes the major accounting policies used in recording and measurement of the significant financial instruments and the related revenues and expenses.

**A) Credit risk**

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

**B) Foreign exchange risk**

This risk is represented in the risk of fluctuation in exchange rates, which in turn affects the company's cash inflows and outflows as well as the translation of its monetary foreign currency assets and liabilities. As of the balance sheet date the company has monetary, foreign currency, assets and liabilities equivalent to L.E. 1250 and nil respectively.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2021

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

<b>Foreign Currency</b>	<b>Surplus</b>
GBP	58

And as stated in note (22-1) "Foreign Currency Translation", the above mentioned balances of monetary foreign currency assets and liabilities were translated using the prevailing exchange rate at the balance sheet date.

**C) Interest risk**

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

**D) Liquidity risk**

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

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

<b>Particulars</b>	<b>Book Value</b>	<b>Book Value</b>
	<b>31/03/2021</b>	<b>31/03/2020</b>
	<b>L.E.</b>	<b>L.E.</b>
Trade and other creditors	774,679	777,494
Due to related parties	-	-
Bank facilities	17,600	60,095
	<b>792,279</b>	<b>837,589</b>

**21- Going concern**

The company achieved a net loss for the fiscal year ending on March 31, 2021, an amount of L.E. 384 131. Thus, the accumulated losses on the same date amounted to L.E. 21 516 743, exceeding half of the Paid in capital according to the company's last annual financial statements, amounting to L.E. 8 614 669. The company's management depends on the financial support from the holding company in continuing its operations. The company is currently evaluating alternative business and adding trade and import activity. According to the Companies Law No. 159 of 1981, its implementing regulations, and the articles of association of the company, the company's management must invite the extraordinary general assembly to consider the liquidation or continuity of the company.

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

**22- Significant accounting policies**

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2021

### 22-1 Foreign Currency

#### Foreign Currency Transaction

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

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

Foreign currency differences are generally recognized in profit or loss.

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

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

### 22-2 Revenue

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

Revenues from interest on bank deposits are recognized on accrual basis.

### 22-3 Employees Benefits

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

### 22-4 Finance income and finance costs

The company's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income;
- dividends on preference shares issued classified as financial liabilities;
- the net gain or loss on the disposal of available-for-sale financial assets;
- the net gain or loss on financial assets at fair value through profit or loss;
- the foreign currency gain or loss on financial assets and financial liabilities;
- the gain on the re-measurement to fair value of any pre-existing interest in an acquiree in a business combination;

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2021

- the fair value loss on contingent consideration classified as a financial liability;
- impairment losses recognized on financial assets (other than trade receivables);
- the net gain or loss on hedging instruments that are recognized in profit or loss; and
- the reclassification of net gains previously recognized in OCI.

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

### 22-5 Income taxes

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

#### i. Current income tax

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

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

#### ii. Deferred tax

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

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

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

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

### 22-6 Financial Instruments

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2021

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

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

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

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

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

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

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

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

#### Held-to-maturity financial assets

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

#### Loans and receivables

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

#### Available-for-sale financial assets

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2021

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

#### 4) Derivative financial instruments and hedge accounting

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

##### Cash flow hedges

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

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

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

#### 22-7 Share capital

##### Ordinary shares

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

#### 22-8 Impairment

##### 1) Non-derivative financial assets

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2021

**Financial assets measured at amortized cost**

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

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

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

**Available-for-sale financial assets**

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

**Equity-accounted investees**

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

**2) Non-financial assets**

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2021

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

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

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

### 22-9 Provisions

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

### 22-10 Legal reserve

As per the Company's statutes, 5% of the annual net profit is set aside to form a legal reserve; the transfer to such reserve ceases once it reaches 50% of the Company's issued share capital. If the reserve falls below 50%, the Company should resume setting aside 5% of its annual net profit. The reserve can be utilized in covering losses or increasing the Company's share capital.

### 22-11 Receivables, due from related parties , debtors and debit balances

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

### 22-12 Cash and cash equivalents

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

### 22-13 Payables, due to related parties, creditors and credit balances

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

### 22-14 Earnings Per Share

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

### 22-15 Cash flow statement

Cash flow statement is prepared according to the indirect method.

### 22-16 Cash dividends

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



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2021

### 23- Significant events

The impact of the recent outbreak of the virus (Covid-19) on the global economy and markets continues. And its negative im-pact on several aspects, including supplies, workforce, operations and the demand for our products and the liquidity available to the company. Accordingly, the company's management has formed a working group to develop and implement contingency plans to meet these exceptional circumstances. And we are currently closely monitoring and evaluating all developments related to the spread of the emerging virus. As all necessary procedures will be taken to keep our operations up and running. and, most im-portantly to protect our employees, suppliers, customers of the company and all stakeholders associated with the company.

According to our current knowledge and available information, we do not expect the emerging (Covid-19) virus to have an im-pact on the company's ability to continue for the foreseeable future.

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

On March 18, 2019, The minister of Investment and International Corporation introduce amendment to some provision of the Egyptian Accounting Standards (EAS) issued there by virtu of Decree No 110 of 2015 , which include some new accounting standard as well as introducing amendment to certain existing slandered and on on September 20 2019 the Prime minister decision No 1871 of 2020 was issue to Postpone the application of the following accounting standards.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2021

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2021

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

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

<b>BOARD OF DIRECTORS</b>	Mr. Saugata Gupta
<b>(AS ON MARCH 31, 2021)</b>	Mr. Vivek Karve (until close of business hours of September 10, 2020)
	Mr. Pawan Agrawal (w.e.f. September 10, 2020)
	Mr. Jacques Nieuwenhuys
	Mr. John Richard Mason
	Mr. Ashish Joshi (until June 8, 2020)
	Mr. Mandla Richard Mashilo (w.e.f. June 8, 2020)
<b>REGISTERED OFFICE</b>	Unit 1-5, Site 2 East, Riverside Business Park, 74 Prince Umhlangane Road, Avoca, Durban 4051
<b>POSTAL ADDRESS</b>	P.O.Box 401093, Redhill, 4071
<b>REGISTRATION NO.</b>	2007/025470/07
<b>AUDITORS</b>	KPMG Inc.
<b>BANKERS</b>	Standard Bank of South Africa Limited
<b>LEGAL ADVISORS</b>	Adams & Adams – Patent and Trademark Attorneys Norton Rose – Commercial Attorneys Shepstone & Wylie – Litigation Attorneys PCSS Pty Limited – Secretarial Services Deloitte & Touche - Tax

## INDEPENDENT AUDITOR'S REPORT

To the shareholder of Marico South Africa Consumer Care Proprietary Limited

### Opinion

We have audited the consolidated and separate annual financial statements of Marico South Africa Consumer Care Proprietary Limited (the group and company) set out on pages 8 to 42, which comprise consolidated and separate statements of financial position as at 31 March 2021, and consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate annual financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate annual financial statements present fairly, in all material respects, the consolidated and separate financial position of Marico South Africa Consumer Care Proprietary Limited as at 31 March 2021, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the consolidated and separate annual financial statements section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of consolidated and separate annual financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Marico South Africa Consumer Care Proprietary Limited consolidated and separate annual financial statements for the year ended 31 March 2021", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the consolidated and separate annual financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

### Responsibilities of the directors for the consolidated and separate financial statements

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

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

## INDEPENDENT AUDITOR'S REPORT

### Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

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

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate annual financial statements, including the disclosures, and whether the consolidated and separate annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.

We remain solely responsible for our audit opinion.

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

KPMG Inc  
Registered Auditor

Per Marileen De Wet

Chartered Accountant (SA)  
Registered Auditor  
Associate Director

21-Jun-21

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

(Registration number: 2007/025470/07)

Consolidated and Separate Annual financial statements for the year ended 31 March 2021

## Consolidated and Separate Statements of Financial Position as at 31 March 2021

(Figures in Rand)

Particulars	Notes	Group		Company	
		2021	2020 Restated*	2021	2020
<b>Assets</b>					
Non-current assets					
Property, plant and equipment	3	584,414	1,032,492	-	-
Right-of-use assets	4	1,917,878	5,904,613	-	-
Goodwill	5*	17,926,857	17,926,857	-	-
Intangible assets	6	81,564,722	81,564,722	-	-
Investment in subsidiary	7	-	-	80,064,957	80,064,957
<b>Total Non-current assets</b>		<b>101,993,871</b>	<b>106,428,684</b>	<b>80,064,957</b>	<b>80,064,957</b>
Current assets					
Inventories	8	38,708,389	32,525,741	-	-
Trade and other receivables	9	25,285,923	27,017,123	-	60
Current tax receivable		207,009	39,018	-	-
Cash and cash equivalents	10	12,786,165	1,239,655	24,614	26,106
		76,987,486	60,821,537	24,614	26,166
<b>Total assets</b>		<b>178,981,357</b>	<b>167,250,221</b>	<b>80,089,571</b>	<b>80,091,123</b>
<b>Equity and Liabilities</b>					
<b>Equity</b>					
Share capital	11	133,860,269	133,860,269	133,860,269	133,860,269
Accumulated loss	*	(42,415,236)	(49,281,528)	(53,770,698)	(53,769,146)
		<b>91,445,033</b>	<b>84,578,741</b>	<b>80,089,571</b>	<b>80,091,123</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Borrowings	12	17,033,875	23,090,345	-	-
Lease Liability	4	295,297	3,110,992	-	-
Deferred Tax	13	8,696,131	6,263,579	-	-
Share-based payment liability	14	-	18,030	-	-
		<b>26,025,303</b>	<b>32,482,946</b>	-	-
Current liabilities					
Trade and other payables	15	51,181,603	31,552,377	-	-
Borrowings	12	6,101,700	6,146,930	-	-
Lease Liability	4	2,623,034	5,008,639	-	-
Share-based payment liability	14	104,684	77,131	-	-
Bank overdraft	10	1,500,000	7,403,457	-	-
		<b>61,511,021</b>	<b>50,188,534</b>	-	-
<b>Total liabilities</b>		<b>87,536,324</b>	<b>82,671,480</b>	-	-
<b>Total equity and liabilities</b>		<b>178,981,357</b>	<b>167,250,221</b>	<b>80,089,571</b>	<b>80,091,123</b>

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

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

(Registration number: 2007/025470/07)

Consolidated and Separate Annual financial statements for the year ended 31 March 2021

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

(Figures in Rand)

Particulars	Notes	Group		Company	
		2021	2020	2021	2020
			Restated*		
<b>Revenue</b>	16	263,082,284	241,194,972	-	-
Cost of sales		(170,768,930)	(153,532,367)	-	-
<b>Gross profit</b>		<b>92,313,354</b>	<b>87,662,605</b>	-	-
Other Operating gains / (losses)	17	291,270	(309,528)	-	-
Impairment loss on trade receivables	18	(290,247)	(16,812)	-	-
Impairment of investment in subsidiary	7	-	-	-	(50,261,097)
Impairment of goodwill	5*	-	(57,686,823)	-	-
Other operating expenses		(80,190,027)	(84,203,571)	(2,310)	(2,403)
<b>Operating profit/(loss)</b>	18	<b>12,124,350</b>	<b>(54,554,129)</b>	<b>(2,310)</b>	<b>(50,263,500)</b>
Investment income	19	98,405	108,022	758	1,532
Finance costs	20	(2,672,545)	(4,463,569)	-	-
<b>Profit / (loss) before taxation</b>		<b>9,550,210</b>	<b>(58,909,676)</b>	<b>(1,552)</b>	<b>(50,261,968)</b>
Taxation	21	(2,683,918)	(229,738)	-	-
Profit / (loss) for the year		6,866,292	(59,139,414)	(1,552)	(50,261,968)
Other Comprehensive Income		-	-	-	-
<b>Total comprehensive income / (loss) for the year</b>		<b>6,866,292</b>	<b>(59,139,414)</b>	<b>(1,552)</b>	<b>(50,261,968)</b>

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



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

(Registration number: 2007/025470/07)

Consolidated and Separate Annual financial statements for the year ended 31 March 2021

## Consolidated and Separate Statements of Changes in Equity

(Figures in Rand)

Group	Share capital	Share premium	Total Share Capital	Accumulated loss	Total equity
<b>Balance at 1 April 2019</b>	<b>90,060,369</b>	<b>43,799,900</b>	<b>133,860,269</b>	<b>9,857,886</b>	<b>143,718,155</b>
Loss for the year	-	-	-	(59,139,414)	(59,139,414)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(59,139,414)</b>	<b>(59,139,414)</b>
Opening balance as previously reported	90,060,369	43,799,900	133,860,269	(11,594,705)	122,265,564
Adjustment : period error *				(37,686,823)	(37,686,823)
Restated balance at 1 April 2020	90,060,369	43,799,900	133,860,269	(49,281,528)	84,578,741
Profit for the year				6,866,292	6,866,292
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,866,292</b>	<b>6,866,292</b>
<b>Balance at 31 March 2021</b>	<b>90,060,369</b>	<b>43,799,900</b>	<b>133,860,269</b>	<b>(42,415,236)</b>	<b>91,445,033</b>
Note	11	11	11		

(Figures in Rand)

Company	Share capital	Share premium	Total Share Capital	Accumulated loss	Total equity
Balance at 1 April 2019	90,060,369	43,799,900	133,860,269	(3,507,178)	130,353,091
Loss for the year	-	-	-	(50,261,968)	(50,261,968)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(50,261,968)	(50,261,968)
<b>Balance at 1 April 2020</b>	<b>90,060,369</b>	<b>43,799,900</b>	<b>133,860,269</b>	<b>(53,769,146)</b>	<b>80,091,123</b>
Loss for the year	-	-	-	(1,552)	(1,552)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(1,552)	(1,552)
<b>Balance at 31 March 2021</b>	<b>90,060,369</b>	<b>43,799,900</b>	<b>133,860,269</b>	<b>(53,770,698)</b>	<b>80,089,571</b>
Note	11	11	11		

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

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

(Registration number: 2007/025470/07)

Consolidated and Separate Annual financial statements for the year ended 31 March 2021

## Consolidated and Separate Statements of Cash Flows

(Figures in Rand)

Particulars	Notes	Group		Company	
		2021	2020	2021	2020
			Restated		Restated
<b>Cash flow from operating activities</b>					
Cash generated from (used in) operations	22*	31,439,331	13,596,881	(2,250)	(2,403)
Interest income		98,405	108,022	758	1,532
Finance costs		(2,111,460)	(3,429,496)	-	-
Tax (paid) / received	23	(419,357)	630,296	-	-
<b>Net cash from operating activities</b>		<b>29,006,919</b>	<b>10,905,703</b>	<b>(1,492)</b>	<b>(871)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	3	(282,452)	(114,113)	-	-
Proceeds on sale of property, plant and equipment	3	28,500	131,915	-	-
<b>Net cash from investing activities</b>		<b>(253,952)</b>	<b>17,802</b>	<b>-</b>	<b>-</b>
<b>Cash flow from financing activities</b>					
Repayment of borrowings		(6,101,700)	(6,610,174)	-	-
Payment on lease liabilities		(5,201,300)	(5,265,321)	-	-
<b>Net cash from financing activities</b>		<b>(11,303,000)</b>	<b>(11,875,495)</b>	<b>-</b>	<b>-</b>
<b>Total cash movement for the year</b>		<b>17,449,967</b>	<b>(951,990)</b>	<b>(1,492)</b>	<b>(871)</b>
Cash at the beginning of the year		(6,163,802)	(5,211,812)	26,106	26,977
<b>Total cash at end of the year</b>	10	<b>11,286,165</b>	<b>(6,163,802)</b>	<b>24,614</b>	<b>26,106</b>

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

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2021

### Corporate information

Marico South Africa Consumer Care Proprietary Limited is domiciled in South Africa. The group and company's registered office is Unit 1-5 Site 2 East, 74 Prince Umhlangane Road, Avoca, 4051. The group is involved in the distribution of a wide range of personal care and affordable complementary health care products.

### 1. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below.

#### 1.1 Basis of preparation

The consolidated and separate financial statements have been prepared on the going concern basis in accordance with, and in compliance with, the International Financial Reporting Standards ("IFRS") and the Companies Act of South Africa, as amended.

The consolidated and separate financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rand, which is the group and company's functional currency.

These accounting policies are consistent with the previous period.

#### 1.2 Significant judgements and sources of estimation uncertainty

The preparation of consolidated and separate financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

##### Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

##### Critical judgments in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option: or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

##### Key sources of estimation uncertainty

##### Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2021

### **Allowance for slow moving, damaged and obsolete inventory**

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. Where an impairment is necessary, inventory items are written down to net realisable value. The write down is included in cost of sales.

### **Impairment testing**

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

### **Useful lives of property, plant and equipment**

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

## **1.3 Consolidation**

### **Basis of consolidation**

The financial statements incorporate the consolidated and separate financial statements of the company and all subsidiaries.

Subsidiaries are entities (including structured entities) which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use its power over the entity.

The results of subsidiaries are included in the consolidated and separate financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the consolidated and separate financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

### **Investments in subsidiaries in the separate financial statements**

In the company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses.

### **Business combinations**

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

**NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS**

For the year ended 31 March, 2021

**1.4 Goodwill**

Goodwill arises on the acquisition of the subsidiary and the acquisition of assets and liabilities in terms of a business combination. Goodwill represents the excess of the cost of the acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is initially recognised as an asset at cost and is subsequently measured as cost less accumulated impairment losses. An impairment loss is recognised for goodwill is not reversed in a subsequent period.

On disposal of a business the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

**1.5 Property, plant and equipment**

Property, plant and equipment are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	5 - 12 years
Leasehold improvements	Straight line	5 years
Plant and machinery	Straight line	5 - 15 years
Furniture and fixtures	Straight line	6 years
Motor vehicles	Straight line	3.33 years
Office equipment	Straight line	5 years
Computer equipment	Straight line	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2021

The depreciation charge for each year is recognised in profit or loss.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

### 1.6 Leases

The group assesses whether a contract is, or contains a lease, at the inception of the contract. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is identified, which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

#### Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

Details of leasing arrangements where the group is a lessee are presented in note 5 Leases (group as lessee).

#### Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate. The company determines its incremental borrowing rate by obtaining interest rates from external financing sources and makes certain adjustments to reflect the terms of the lease and the type of asset leased.

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

- fixed lease payments, including in-substance fixed payments, less any lease incentives

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2021

- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the group under residual value guarantees;
- the exercise price of purchase options, if the group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item on the Consolidated and Separate Statements of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs.

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

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

### **Right-of-use assets**

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

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2021

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

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

### 1.7 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and bRand, is recognised in profit or loss when incurred.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.



## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2021

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end. Currently, the BBrand have an indefinite useful life. Should managements assessment change, the BBrand would be amortised using the straight line method over the determined useful life.

### 1.8 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.9 Financial instruments

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the group ,as applicable, are as follows:

Financial assets which are debt instruments:

- Amortised cost.

**Financial liabilities:**

- Amortised cost.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the group are presented below:

#### Trade and other receivables

##### Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 9).

##### Recognition and measurement

Trade and other receivables are recognised when the group becomes a party to the contractual provisions of the receivables.

They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

##### Impairment

The group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2021

The group measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

### Measurement and recognition of expected credit losses

The group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The group assumes that credit risk on a financial asset has increased significantly if it is more than 30 days due. The group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the group in full, without recourse by the group to actions such as realising security (if any is held) or;
- the financial asset is more than 90 days past due.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account.

### Borrowings

#### Classification

Borrowings (note 12) are classified as financial liabilities subsequently measured at amortised cost.

#### Recognition and measurement

Borrowings are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

#### Trade and other payables

##### Classification

Trade and other payables (note 15), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

##### Recognition and measurement

They are recognised when the group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

#### Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period.

Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating (losses) gains.

#### Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2021

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

### Derecognition

#### Financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

#### Financial liabilities

The group derecognises financial liabilities when, and only when, the group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

### Offsetting

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

### 1.10 Impairment of assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2021

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

### 1.11 Tax

#### Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

#### Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

#### Tax expenses

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

### 1.12 Share capital and equity

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity.

### 1.13 Share based payments

The group operates share-based compensation under which the company receives services from directors as consideration for equity based instruments (options and rights) of Marico Limited (ultimate holding company). The fair value of the employees' services received in exchange for the grant of the options or rights is recognised as an expense.

The fair value is determined at each statement of financial position date and is expensed on a straight-line basis over the vesting period with a corresponding increase in the liability and is based on the company's estimate of options that will eventually vest. Non-market vesting conditions are included in assumptions about the number of options and rights that are expected to vest.

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2021

At each statement of financial position date, the company assesses its estimates of the number of options or rights that are expected to vest. The company recognises the impact on the original estimates, if any, in the statement of comprehensive income with a corresponding adjustment to the share option liability as appropriate.

The cash settled share-based payment, on maturity, will be computed in Indian Rupee (INR) and will be converted at the prevalent exchange rate and paid to senior management in the currency of the location of senior management.

### 1.14 Revenue from contracts with customers

Revenue is recognised upon transfer of control when performance obligations to customers are met in an amount that reflects the consideration the company expects to receive in exchange for the goods or services rendered. To recognise revenue, we apply the following five step approach:

- (1) identify the contract with a customer,
- (2) identify the performance obligations in the contract,
- (3) determine the transaction price,
- (4) allocate the transaction price to the performance obligations in the contract, and
- (5) recognize revenues when a performance obligation is satisfied.

At contract inception, the group assesses its promise to transfer goods and services to a customer to identify separate performance obligations. The group and company applies judgement to determine whether each good and service promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised goods and services are combined and accounted as a single performance obligation. The group and company allocates the arrangement consideration to separately identifiable performance obligation based on their relative stand-alone selling price or residual method. Stand-alone selling prices are determined based on sale prices for the components when it is regularly sold separately.

Revenue performance obligations are met at a point in time when the good is available for use or delivered to the customer location. Control is transferred when the customer takes ownership of the good for both locally and foreign revenue. Export revenues are recorded when the relevant incoterms of each contract is met.

Rebates and discounts are recorded against revenue and receivables when the specific terms of each contract have been met. Depending on the customer profile, sale contracts are entered into on a variety of payment terms from cash on delivery, 30 days, 60 days etc.

The nature of the goods invoiced are primarily of hair care and health products.

Due to the nature of the bulk supply of goods and quality controls in place, there is minimal obligation for returns of inventory.

All rebates earned are recorded against the relevant revenue at the date at which the terms related to the rebate have been met.

There are no significant judgements required in the application of IFRS 15 due to the nature of the goods being sold.

### 1.15 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2021

### 1.16 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits are recognised in the period in which the service is rendered and are not discounted.

### 1.17 Translation of foreign currencies

#### Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rand, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated and separate annual financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rand by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

### 1.18 Finance income and finance costs

Finance income and finance expense is recognised on a time proportion basis which takes into account the effective yield on the respective asset or liability.

### 1.19 Related parties

A party is related to the Company if any of the following are met:

- Directly, or indirectly through one or more intermediaries, the party controls, is controlled by or is under common control with the Company.
- the party is a member of key management personnel of the entity or its parent.
- the party is a close family member of the family or individual referred to the above.

Close family member of the family of an individual includes:

- the individual's domestic partner and children.
- Children of the individual's domestic partner and
- Dependents of the individual or the individual's domestic partner.

The sales to and purchases from related parties are made on terms negotiated between the parties involved.

**NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS**

For the year ended 31 March, 2021

**2. New Standards and Interpretations****2.1 Standards and interpretations effective and adopted in the current year**

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

**Presentation of Financial Statements: Disclosure initiative**

The amendment clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

The effective date of the amendment is for years beginning on or after 1 January 2020. The group has adopted the amendment for the first time in the 2021 financial statements.

The impact of the amendment is not material.

**Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative**

The amendment clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

The effective date of the amendment is for years beginning on or after 1 January 2020. The group has adopted the amendment for the first time in the 2021 financial statements.

The impact of the amendment is not material.

**2.2 Standards and interpretations not yet effective**

The group and company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 April 2021 or later periods:

<b>Standard / Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
- Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01-Jan-23	Unlikely there will be a material impact
- Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	01-Jan-22	Unlikely there will be a material impact
- Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	01-Jan-22	Unlikely there will be a material impact
- Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01-Jan-22	Unlikely there will be a material impact
- Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 7	01-Jan-21	Unlikely there will be a material impact
- Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9	01-Jan-21	Unlikely there will be a material impact
- Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 16	01-Jan-21	Unlikely there will be a material impact
- Interest Rate Benchmark Reform - Phase 2: Amendments to IAS 39	01-Jan-21	Unlikely there will be a material impact
- COVID-19 - Related Rent Concessions - Amendment to IFRS 16	01-Jun-20	Unlikely there will be a material impact

**NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS**

For the year ended 31 March, 2021

**3. Property, plant and equipment**

(Figures in Rand)

Group	2021			2020		
	Cost	Accumulated Depreciation	Carrying Value	Cost	Accumulated Depreciation	Carrying Value
Leasehold improvements	1,407,919	(1,293,205)	114,714	1,407,919	(1,035,327)	372,592
Plant and machinery	1,327,028	(1,159,270)	167,758	1,300,457	(988,197)	312,260
Office furniture and computer equipment	2,967,071	(2,665,129)	301,942	2,745,702	(2,412,314)	333,388
Motor vehicles	459,846	(459,846)	-	588,346	(574,094)	14,252
	<b>6,161,864</b>	<b>(5,577,450)</b>	<b>584,414</b>	<b>6,042,424</b>	<b>(5,009,932)</b>	<b>1,032,492</b>

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

(Figures in Rand)

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

**Reconciliation of property, plant and equipment - Group - 2020**

(Figures in Rand)

Particulars	Opening balance	Additions	Disposals	Depreciation	Closing
Leasehold improvements	630,470	-	-	(257,878)	372,592
Plant and machinery	497,951	9,329	-	(195,020)	312,260
Office furniture and computer equipment	571,959	104,784	(19,755)	(323,600)	333,388
Motor vehicles	65,593	-	-	(51,341)	14,252
	<b>1,765,973</b>	<b>114,113</b>	<b>(19,755)</b>	<b>(827,839)</b>	<b>1,032,492</b>

**4. Leases (group only as lessee)**

The company has entered into commercial leases on certain factory buildings and plant and machinery. These leases have an average life of between three and five years. There are no restrictions place upon the company by entering into these leases. The directors do not plan to enter into any new leases in the short term and do not plan to extend leases therefore renewal options have not been taken into account.



**NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS**

For the year ended 31 March, 2021

Details pertaining to leasing arrangements, where the group is lessee are presented below:

**Net carrying amounts of right-of-use assets** (Figures in Rand)

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

Group 2020	Buildings	Plant and machinery	Total
Opening balance 1 April 2019	8,602,534	150,092	8,752,626
Additions to right-of-use-asset	-	941,581	941,581
Depreciation charge for the year	(3,482,572)	(307,022)	(3,789,594)
<b>Closing balance 31 March 2020</b>	<b>5,119,962</b>	<b>784,651</b>	<b>5,904,613</b>

**Depreciation recognised on right-of-use assets**

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 18), as well as depreciation which has been capitalised to the cost of other assets.

(Figures in Rand)

Particulars		
Buildings	3,398,005	3,482,572
Plant and Machinery	313,860	307,022
	<b>3,711,865</b>	<b>3,789,594</b>

**Other disclosures**

Particulars		
Interest expense on lease liabilities (note 20)	561,085	1,034,073

**Lease liabilities****The maturity analysis of lease liabilities is as follows:**

Within one year	2,716,992	5,595,002
Two to five years	342,674	3,273,583
	<b>3,059,666</b>	<b>8,868,585</b>

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

Particulars		
Non-current liabilities	295,297	3,110,992
Current liabilities	2,623,034	5,008,639
	<b>2,918,331</b>	<b>8,119,631</b>

**NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS**

For the year ended 31 March, 2021

**5. Goodwill**

(Figures in Rand)

Group	2021			2020		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	75,613,680	(57,686,823)	17,926,857	75,613,680	(57,686,823)	17,926,857

**Reconciliation of goodwill - Group - 2021**

(Figures in Rand)

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

**Reconciliation of goodwill - Group - 2020 - Restated\***

(Figures in Rand)

Particulars	Opening balance	Impairment loss	Closing balance
Goodwill	75,613,680	(57,686,823)	17,926,857

During 2018 financial year Marico South africa Proprietary Limited Purchased the assets and liability for JM product Proprietary Limited. Goodwill arose as a result of the purchase price exceeding the fair value of the identifiable assets and liabilities acquired. Goodwill is tested for impairment annually or when there is an indication of impairment. The recoverable amounts of the cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order: first, to reduce the carrying amount of any goodwill allocated to the cash generating unit and then, to the other assets of the unit, prorata on the basis of the carrying amount of each asset in that unit. The key assumptions used in the value-in-use calculations were as follows:

Growth rate in activities: a terminal growth rate of 4,5% (2020: 4.5%)

Post tax discount rate: 20,95% (2020: 20,94%)

The value in use calculation at 31 March 2021 did not reveal any impairment (2020: impairment of R57,686, 823)

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

**6. Intangible assets**

(Figures in Rand)

Group	2021			2020		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Brands	83,646,924	(2,082,202)	81,564,722	83,646,924	(2,082,202)	81,564,722

**Reconciliation of intangible assets - Group - 2021**

(Figures in Rand)

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

**Reconciliation of intangible assets - Group - 2020**

(Figures in Rand)

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

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2021

The group has classified its intangible assets as having indefinite useful lives. This conclusion is supported by the fact that the group is expected to be able to use the bRand for the foreseeable future and that the typical product life cycles for the bRand, acquired from public information on estimates of useful lives, indicate that the intangible asset has an indefinite period of foreseeable usage. This is further supported by the stability and the strong demand in markets within which these products are marketed and sold.

Detailed impairment testing is performed for the indefinite-life intangible assets annually or whenever an indicator of impairment exists. The impairment review process is as follows:

Each period and whenever impairment indicators are present, management calculate the fair value of the asset and record an impairment loss for the excess of the carrying value over the fair value, if any. The fair value is generally measured as the net present value of projected cash flows. In addition, a re-evaluation of the remaining useful life of the asset is performed to determine whether continuing to characterise the asset as having an indefinite life is appropriate.

The recoverable amounts have been determined based on a value-in-use calculation. The calculation uses a free cash flow model that discounts the free cash flow available from profit after tax generated by the intangible asset. If the resulting net present value exceeds the carrying value of the intangible asset, the intangible asset is not impaired. However, if the resulting net present value is less than the carrying value, an impairment charge is raised. The key assumptions used for the value-in-use calculations are as follows:

Particulars	Group		Company	
	2021	2020	2021	2020
Growth rate (%) *	4.50	4.50	-	-
Discount rate (%) **	20.95	20.94	-	-

\* Weighted average growth rate used to extrapolate cash flows beyond the budget period.

\*\* Post-tax discount rate applied to the cash flow projections.

A sensitivity analysis was performed with regards to the key assumptions above and the projected impact is as follows:

(Figures in Rand)

Sensitivity - Discount rate plus 1% and projected cash flow and growth rate constant	Impact on impairment	Impact on impairment
Caivil	-	(67)
Hercules	-	(870)
Ingwe	-	(31)
Isoplus	-	(3,069)
	-	<b>(4,037)</b>

(Figures in Rand)

Sensitivity - Discount rate constant, projected cash flow less 5% and growth rate constant	Impact on impairment	Impact on impairment
Caivil	-	-
Hercules	-	(602)
Ingwe	-	-
Isoplus	-	(2,664)
	-	<b>(3,266)</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2021

(Figures in Rand)

Sensitivity - Discount rate constant, projected cash flow constant and growth rate less 1 %	Impact on impairment	Impact on impairment
Caivil	(2,233)	-
Hercules	(455)	(306)
Ingwe	-	-
Isoplus	-	(1,434)
	<b>(2,688)</b>	<b>(1,740)</b>

The above possible impairments are not considered material.

## 7. Interest in subsidiary

(Figures in Rand)

Particulars	Group		Company		
	2021	2020	2021	2020	
<b>Company</b>					
<b>Name of company</b>	<b>Number of shares held</b>	<b>% holding</b>	<b>% holding</b>	<b>Carrying amount 2021</b>	<b>Carrying amount 2020</b>
Marico South Africa Proprietary Limited	1,038,211	100,00 %	100,00 %	80,064,957	80,064,957
				80,064,957	130,326,054
Impairment of investment in subsidiary - Marico South Africa Proprietary Limited				-	(50,261,097)
				<b>80,064,957</b>	<b>80,064,957</b>

The Investment in subsidiary is tested for impairment annually or when there is an indication of impairment. The recoverable amounts of the cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order: first, to reduce the carrying amount of any investment in a subsidiary allocated to the cash generating unit and then, to the other assets of the unit, pro-rata on the basis of the carrying amount of each asset in that unit. The key assumptions used in the value-in-use calculations were as follows:

Growth rate in activities: a terminal growth rate of 4,5% (2020: 4.5%)

Post tax discount rate: 20,95% (2020: 20,94%)

## 8. Inventories

(Figures in Rand)

Particulars	Group		Company	
	2021	2020	2021	2020
Raw materials	24,535,057	20,508,657	-	-
Work in progress	81,095	53,614	-	-
Finished goods	19,356,210	14,589,425	-	-
	43,972,362	35,151,696	-	-
Inventories (write-downs)	(5,263,973)	(2,625,955)	-	-
	<b>38,708,389</b>	<b>32,525,741</b>	-	-

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2021

### 9. Trade and other receivables

(Figures in Rand)

Particulars	Group		Company	
	2021	2020	2021	2020
<b>Financial instruments:</b>	23,184,632	25,519,493	-	-
Trade receivables	(477,797)	(204,594)	-	-
Loss allowance	22,706,835	25,314,899	-	-
Trade receivables at amortised cost	2,190,784	1,524,738	-	-
Other receivables	-	-	-	60
<b>Non-financial instruments:</b>				
VAT	303,403	106,877	-	-
Prepayments	84,901	70,609	-	-
Total trade and other receivables	<b>25,285,923</b>	<b>27,017,123</b>	-	<b>60</b>

#### Group

#### Loss allowance aging profile - 2021

(Figures in Rand)

Particulars	Not past due	Past due by		Total
		30 days	60 days	
<b>Net trade receivables</b>	19,385,908	3,798,724	0	23,184,632
Add back: Rebates	1,584,940	3,813,563	1,865,411	7,263,914
Gross carrying amount	20,970,848	7,612,287	1,865,411	30,448,546
Expected loss% based on gross carrying amount	0.22	0.22	22.22	1.57
Loss allowance calculated	46,512	16,879	414,407	477,798
<b>Specific allowance</b>	-	-	-	-
Total trade and other receivables	<b>46,512</b>	<b>16,879</b>	<b>414,407</b>	<b>477,798</b>

#### Group

#### Loss allowance aging profile - 2021

(Figures in Rand)

Particulars	Not past due	Past due by		Total
		30 days	60 days	
<b>Net trade receivables</b>	14,671,739	7,537,556	3,310,198	25,519,493
Add back: Rebates	1,583,239	2,735,933	4,809,206	9,128,378
Gross carrying amount	16,254,978	10,273,489	8,119,404	34,647,871
Expected loss% based on gross carrying amount	0.47	0.27	1.27	0.59
Loss allowance calculated	76,772	24,743	103,079	204,594
<b>Specific allowance</b>	-	-	-	-
Total trade and other receivables	<b>76,772</b>	<b>24,743</b>	<b>103,079</b>	<b>204,594</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2021

### Movement in loss allowance

(Figures in Rand)

Particulars	Not past due	Past due by
	R	30 days
Opening balance	204,594	187,782
Reversal of prior period loss allowance	(204,594)	(187,782)
Provision for the year	477,797	204,594
Write-off		
	<b>477,797</b>	<b>204,594</b>

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

(Figures in Rand)

Particulars	Not past due	Past due by	Past due by	Total
		30 days	60 days	
At amortised cost	24,897,619	26,839,577	-	-
Non-financial instruments	388,304	177,486	-	-
Gross carrying amount	<b>25,285,923</b>	<b>27,017,063</b>	-	-

### Fair value of trade and other receivables

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

### 10. Cash and cash equivalents

(Figures in Rand)

Particulars	Group		Company	
	2021	2020	2021	2020
Cash and cash equivalents consist of:				
Bank balances	7,629,889	1,332	1,582	1,332
Deposits	5,156,276	1,238,323	23,032	24,774
Bank overdraft	(1,500,000)	(7,403,457)	-	-
	<b>11,286,165</b>	<b>(6,163,802)</b>	<b>24,614</b>	<b>26,106</b>
Current assets	12,786,165	1,239,655	24,614	26,106
Current liabilities	(1,500,000)	(7,403,457)	-	-
	<b>11,286,165</b>	<b>(6,163,802)</b>	<b>24,614</b>	<b>26,106</b>

### Group facilities available

(Figures in Rand)

Particulars	Expiry date	R	R
Overdraft	21 August 2021	5,000,000	15,000,000
Card	21 August 2021	300,000	200,000
Fleet card	21 August 2021	150,000	100,000
Guarantee by the Bank	21 August 2021	882,000	882,000
Foreign exchange - Contract PFE	21 August 2021	209,800	209,800
Medium term loan	21 August 2021	23,644,050	29,237,275
Electronic funds transfer service - Credit run	21 August 2021	5,000,000	-
		<b>35,185,850</b>	<b>45,629,075</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2021

## Group securities issued

(Figures in Rand)

Particulars	Restriction amount	Surety name
Pledge call deposit	Unrestricted	
Cession book debts	Unrestricted	
Guarantee	60,000,000	Marico South Africa Consumer Care Proprietary Limited
Credit agreement FAC agreement commercial	Unrestricted	

## 11. Share capital and share premium

(Figures in Rand)

Particulars	Group		Company	
	2021	2020	2021	2020
<b>Authorised</b>	30,000,000	30,000,000	30,000,000	30,000,000
30 000 000 no par value shares				

The unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

## Issued

(Figures in Rand)

Particulars	Group		Company	
	2021	2020	2021	2020
800 Ordinary shares of R1	800	800	800	800
447 Ordinary shares of R134 361.32	60,059,509	60,059,509	60,059,509	60,059,509
322 Ordinary shares of R93 167.70	30,000,000	30,000,000	30,000,000	30,000,000
Share premium	43,799,900	43,799,900	43,799,900	43,799,900
	<b>133,860,209</b>	<b>133,860,209</b>	<b>133,860,209</b>	<b>133,860,209</b>

## 12. Borrowings

(Figures in Rand)

Particulars	Group		Company	
	2021	2020	2021	2020
<b>Held at amortised cost</b>				
Standard Bank of South Africa Limited	23,135,575	29,237,275	-	-
<b>Split between non-current and current portions</b>				
Non-current liabilities	17,033,875	23,090,345	-	-
Current liabilities	6,101,700	6,146,930	-	-
	<b>23,135,575</b>	<b>29,237,275</b>	-	-

This loan is for a period of 5 years and repayable in monthly installments of R 508,475 per month with a final bullet payment of R15 million. It bears interest at 0.5% above the South African prime interest rate.

The loan is secured by:

- an unrestricted pledge and cession in security over the subsidiary's balances held in the treasury call deposit account; and
- unrestricted cession of the subsidiary's book debts.

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2021

The loan agreement with Standard Bank required the following covenants to be met:

- Debt service cover ratio
- EBITDA to gross interest payable
- gross Debt to equity ratio
- gross Debt to EBITDA

The above loan covenants are at 31 March 2020, a waiver has been provided by Standard Bank as at 31 March 2021.

## 13. Deferred tax

(Figures in Rand)

Particulars	Group		Company	
	2021	2020	2021	2020
<b>Deferred tax liability</b>				
Purchase price allocation	(9,403,520)	(9,403,000)	-	-
Prepayments	(23,772)	-	-	-
<b>Total deferred tax liability</b>	<b>(9,427,292)</b>	<b>(9,403,000)</b>	-	-
<b>Deferred tax asset</b>				
Property, plant and equipment	71,644	63,599	-	-
Provisions	379,389	2,455,617	-	-
Net lease liability	280,128	620,205	-	-
Deferred tax balances from temporary differences other than unused tax losses	731,161	3,139,421	-	-
<b>Total deferred tax asset</b>	<b>731,161</b>	<b>3,139,421</b>	-	-

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

(Figures in Rand)

Particulars	Group		Company	
	2021	2020	2021	2020
Deferred tax liability	(9,427,292)	(9,403,000)	-	-
Deferred tax asset	731,161	3,139,421	-	-
<b>Total net deferred tax liability</b>	<b>(8,696,131)</b>	<b>(6,263,579)</b>	-	-

## Reconciliation of deferred tax liability

(Figures in Rand)

Particulars	Group		Company	
	2021	2020	2021	2020
At beginning of year	(6,263,579)	(6,033,321)	-	-
Reduction due to rate change	-	-	-	-
Deductible temporary difference movement on lease liability	(340,077)	-	-	-
Deductible temporary difference movement on purchase price allocation	(520)	-	-	-
Taxable temporary difference movement on tangible fixed assets	8,045	20,077	-	-
	-	-	-	-



## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2021

Particulars	Group		Company	
	2021	2020	2021	2020
Deductible temporary difference on product development costs	-	(146,633)	-	-
Deductible temporary difference on health care benefits	-	(103,702)	-	-
Deductible temporary difference movement on prepayments	(23,772)	-	-	-
Deductible temporary difference movement on provisions	(2,076,228)	-	-	-
	<b>(8,696,131)</b>	<b>(6,263,579)</b>	-	-

### 14. Share-based payment liability

Marico Limited granted senior management of Marico South Africa Proprietary Limited a STAR grant bonus in respect of the share appreciation rights scheme. The liability in respect of the share appreciation rights scheme is to be settled by Marico South Africa Proprietary Limited. The value is determined by the market price of Marico Limited equity shares and no minimum guarantee amount is provided.

The STAR grant value on maturity will be computed in INR and will be converted at the prevalent exchange rate as decided by Marico Group Corporate Finance Function, and paid to senior management in the currency of location of senior management.

Award price Indian Rupee (INR)	Date rights awarded	Rights awarded	Vesting date
356,48	1 December 2015	31,620	30 November 2021/ 2022

The share price at 31 March 2021 used to compute the share option liability was Indian Rupee (INR) 411 (2020: 346.04).

(Figures in Rand)

Particulars	Group		Company	
	2021	2020	2021	2020
Non-current portion	-	18,030	-	-
Current portion	104,684	77,131	-	-
	<b>104,684</b>	<b>95,161</b>	-	-

### 15. Trade and other payable

(Figures in Rand)

Particulars	Group		Company	
	2021	2020	2021	2020
<b>Financial instruments:</b>				
Trade payables	38,743,890	22,976,039	-	-
Trade payables - related parties	134,456	433,377	-	-
Other payables	861,026	714,726	-	-
Accruals	5,185,037	2,844,477	-	-
Audit fee accrual	1,219,473	871,578	-	-
Bonus accrual	3,612,373	2,125,841	-	-
Leave pay accrual	1,425,348	1,586,339	-	-
	<b>51,181,603</b>	<b>31,552,377</b>	-	-

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2021

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

(Figures in Rand)

Particulars	Group		Company	
	2021	2020	2021	2020
At amortised cost	49,756,254	29,966,037	-	-
Non-financial instruments	1,425,349	1,586,340	-	-
	<b>51,181,603</b>	<b>31,552,377</b>	-	-

### Fair value of trade and other payables

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

### 16. Revenue

(Figures in Rand)

Particulars	Group		Company	
	2021	2020	2021	2020
<b>Revenue from contracts with customers</b>				
Sale of goods	263,082,284	241,194,972	-	-

### Disaggregation of revenue from contracts with customers

The group disaggregates revenue from customers as follows:

### Timing of revenue recognition

#### At a point in time

Sale of goods	263,082,284	241,194,972	-	-
---------------	-------------	-------------	---	---

### 17. Other operating gains / (losses)

(Figures in Rand)

Particulars	Group		Company	
	2021	2020	2021	2020
<b>Gains on disposals, scrapping and settlement</b>				
Property, plant and equipment	28,500	108,045	-	-
<b>Foreign exchange losses</b>				
Net foreign exchange gains / (losses)	262,770	(417,573)	-	-
<b>Total other operating gains / (losses)</b>	<b>291,270</b>	<b>(309,528)</b>	-	-

### 18. Operating (loss) profit

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

(Figures in Rand)

Particulars	Group		Company	
	2021	2020	2021	2020
<b>Auditor's remuneration - external</b>				
Audit fees	670,476	582,150	-	-

### Employee costs

As at 31 March 2021 the group had 71 permanent employees (2020: 71). The total cost of employment of all employees, including executive directors, was as follows:

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2021

(Figures in Rand)

Particulars	Group		Company	
	2021	2020	2021	2020
Salaries, wages, bonuses and other benefits Refer to note 25 for directors emoluments.	19,857,383	21,368,593	-	-
<b>Leases</b>				
<b>Leases of low value</b>				
Computers	71,764	170,969	-	-
<b>Depreciation and amortisation</b>				
Depreciation of property, plant and equipment	730,530	827,839	-	-
Depreciation of right-of-use assets	3,711,865	3,789,594	-	-
<b>Total depreciation and amortisation</b>	<b>4,442,395</b>	<b>4,617,433</b>	-	-
<b>Impairment losses</b>				
Goodwill*	-	57,686,823	-	-

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

### Movement in credit loss allowances

Trade and other receivables	290,247	16,812	-	-
<b>Other</b>				
Commission	7,665,233	7,433,893	-	-
Advertising		19,866,828	-	-
Delivery expenses		12,249,431	-	-
Impairment of investment in subsidiary		-		50,261,097

### 19. Investment income

(Figures in Rand)

Particulars	Group		Company	
	2021	2020	2021	2020
<b>Interest income</b>				
<b>Investments in financial assets:</b>				
Bank	98,405	108,022	758	1,532

### 20. Finance costs

(Figures in Rand)

Particulars	Group		Company	
	2021	2020	2021	2020
Borrowings	2,077,799	3,429,496	-	-
<b>Lease liabilities (note 4)</b>	561,085	1,034,073	-	-
Interest Paid	33,661	-	-	-
<b>Total finance costs</b>	<b>2,672,545</b>	<b>4,463,569</b>	-	-

### 21. Taxation

#### Major components of the tax expense

(Figures in Rand)

Particulars	Group		Company	
	2021	2020	2021	2020
<b>Current</b>				
Local income tax - current year	251,366	-	-	-
<b>Deferred</b>				
Originating and reversing temporary differences	2,432,552	229,738	-	-
	<b>2,683,918</b>	<b>229,738</b>	-	-

**NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS**

For the year ended 31 March, 2021

**Reconciliation of the tax expense**

(Figures in Rand)

Particulars	Group		Company	
	2021	2020	2021	2020
Reconciliation between accounting (loss) / profit and tax expense.				
Accounting profit / (loss) *	9,550,210	(58,909,676)	(1,552)	(50,261,968)
Tax at the applicable tax rate of 28% (2020: 28%)	2,674,059	(16,494,709)	(435)	(14,073,351)
Tax effect of adjustments on taxable income				
<b>Permanent differences*</b>	435	16,724,447	435	14,073,351
SARS Interest	9,424			
	<b>2,683,918</b>	<b>229,738</b>	<b>0</b>	<b>(0)</b>

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

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

(Figures in Rand)

Particulars	Group		Company	
	2021	2020	2021	2020
Profit / (Loss) profit before taxation *	9,550,210	(58,909,676)	(1,552)	(50,261,968)
<b>Adjustments for:</b>				
Depreciation and amortisation	4,442,395	4,617,433	-	-
Profit on disposal of property, plant and equipment	(28,500)	(112,160)	-	-
Interest income	(98,405)	(108,022)	(758)	(1,532)
Finance costs	2,111,460	3,429,496	-	-
Lease interest	561,085	1,034,073	-	-
Movements in share-based payment liability	9,523	(609,371)	-	-
Impairment of goodwill *	-	57,686,823	-	-
Impairment of investment in subsidiary	-	-	-	50,261,097
Other non-cash items	4,026	60		60
Changes in working capital:				
Inventories	(6,182,648)	2,404,632	-	-
Trade and other receivables	1,440,953	13,642,173	60	(60)
Trade and other payables	19,629,232	(9,478,580)	-	-
	<b>31,439,331</b>	<b>13,596,881</b>	<b>(2,250)</b>	<b>(2,403)</b>

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

**23 Tax (paid) / refunded**

(Figures in Rand)

Particulars	Group		Company	
	2021	2020	2021	2020
Balance at beginning of the year	39,018	669,314	-	-
Current tax for the year recognised in profit or loss	(251,366)		-	-
Balance at end of the year	(207,009)	(39,018)	-	-
	<b>(419,357)</b>	<b>630,296</b>	<b>-</b>	<b>-</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2021

### 24. Related parties

Relationships	
Ultimate holding company	Marico Limited
Subsidiary	Refer to note 7
Other group companies	Marico South East Asia Marico South East
Executive directors	J R Mason J Nieuwenhuys S Gupta P A Agrawal M R Mashilo

### Related party balances

(Figures in Rand)

Particulars	Group		Company	
	2021	2020	2021	2020
<b>Amounts included in trade payables regarding related parties</b>				
Marico Limited	134,456	405,490	-	-
Marico Middle East	-	27,887	-	-
	134,456	433,377	-	-
<b>Related party transactions</b>				
Marico Limited				
- Cross charges	723,133	943,214	-	-
- Purchases	405,711	-	-	-
<b>Cross Charges</b>	1,128,844	943,214	-	-
Marico Middle East	-	27,887	-	-
Marico South East Asia	88,543	-	-	-

**NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS**

For the year ended 31 March, 2021

**25. Directors' emoluments**

Executive (Figures in Rand)

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

(Figures in Rand)

2020	Salary	Bonuses and performance related payments	Allowances	Total
J R Mason	2,151,926	541,596	638,410	3,331,932
J Nieuwenhuys	1,390,055	384,435	282,755	2,057,245
S Gupta*	-	-	-	-
V A Karve*	-	-	-	-
A Joshi*	-	-	-	-
	<b>3,541,981</b>	<b>926,031</b>	<b>921,165</b>	<b>5,389,177</b>

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

**26. Financial instruments and risk management****Categories of financial instruments****Categories of financial assets**

(Figures in Rand)

Group - 2021	Notes	Amortised cost	Total
Trade and other receivables	9	24,897,619	24,897,619
Cash and cash equivalents	10	12,786,165	12,786,165
		<b>37,683,784</b>	<b>37,683,784</b>
Group - 2020	Notes	Amortised cost	Total
Trade and other receivables	9	26,839,637	26,839,637
Cash and cash equivalents	10	1,239,655	1,239,655
		<b>28,079,292</b>	<b>28,079,292</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2021

Company - 2021	Notes	Amortised cost	Total
Cash and cash equivalents	10	24,614	24,614

Company - 2020	Notes	Amortised cost	Total
Trade and other receivables	9	60	60
Cash and cash equivalents	10	26,106	26,106
		<b>26,166</b>	<b>26,166</b>

## Categories of financial liabilities

(Figures in Rand)

Group - 2021	Notes	Amortised Cost	Leases	Total
Trade and other payables	15	49,756,254	-	49,756,254
Borrowings	12	23,135,575	-	23,135,575
Lease liabilities	4	-	2,918,331	2,918,331
Bank overdraft	10	1,500,000	-	1,500,000
		<b>74,391,829</b>	<b>2,918,331</b>	<b>77,310,160</b>

Group - 2020	Notes	Amortised Cost	Leases	Total
Trade and other payables	15	29,966,037	-	29,966,037
Borrowings	12	29,237,275	-	29,237,275
Lease liabilities	4	-	8,119,631	8,119,631
Bank overdraft	10	7,403,457	-	7,403,457
		<b>66,606,769</b>	<b>8,119,631</b>	<b>74,726,400</b>

## Capital risk management

The group's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The capital structure and gearing ratio of the group at the reporting date was as follows:

(Figures in Rand)

Particulars	Notes	Group		Company	
		2021	2020	2021	2020
Borrowings	12	23,135,575	29,237,275	-	-
Lease Liability	4	2,918,331	8,119,631	-	-
Trade and other payables	15	51,181,603	31,552,377	-	-
<b>Total borrowings</b>		<b>77,235,509</b>	<b>68,909,283</b>	-	-
(Cash and cash Equivalents )	10	(11,286,165)	6,163,802	(24,614)	(26,106)
Bank Overdraft					
<b>Net borrowings</b>		<b>65,949,344</b>	<b>75,073,085</b>	<b>(24,614)</b>	<b>(26,106)</b>
Equity*		91,445,033	84,578,741	80,089,571	80,091,123
Gearing ratio		72%	89%	-%	-%

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

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2021

## Financial risk management

## Overview

The group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk and interest rate risk).

## Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk is presented in the table below:

(Figures in Rand)

Group	Note	2021			2020		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Trade and other receivables	9	25,375,416	(477,797)	24,897,619	27,044,231	(204,594)	26,839,637

Company	Note	2021			2020		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Trade and other receivables	9	-	-	-	60	-	60

Refer to note 9 for further details on credit risk

## Liquidity risk

The group is exposed to liquidity risk, which is the risk that the group will encounter difficulties in meeting its obligations as they become due.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table.

The cash flows are undiscounted contractual amounts.

(Figures in Rand)

Group 2021	Note	Less than 1 year	2 to 5 years	Total	Carrying amount
<b>Non-current liabilities</b>					
Borrowings	12	-	17,033,875	17,033,875	17,033,875
Lease liabilities		-	342,674	342,674	295,297
<b>Current liabilities</b>					
Trade and other payables	15	49,756,254	-	49,756,254	49,756,254
Borrowings	12	6,101,700	-	6,101,700	6,101,700
Lease liabilities		2,716,992	-	2,716,992	2,623,034
Bank overdraft	10	1,500,000	-	1,500,000	1,500,000
		<b>60,074,946</b>	<b>17,376,549</b>	<b>77,451,495</b>	<b>77,310,160</b>



## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2021

Group 2020	Note	Less than 1 year	2 to 5 years	Total	Carrying amount
<b>Non-current liabilities</b>					
Borrowings	12	-	23,090,345	23,090,345	23,090,345
Lease liabilities		-	3,273,583	3,273,583	3,110,992
<b>Current liabilities</b>					
Trade and other payables	15	29,966,037	-	29,966,037	29,966,037
Borrowings	12	6,146,930	-	6,146,930	6,146,930
Lease liabilities		5,595,002	-	5,595,002	5,008,639
Bank overdraft	10	7,403,457	-	7,403,457	7,403,457
		<b>49,111,426</b>	<b>26,363,928</b>	<b>75,475,354</b>	<b>74,726,400</b>

**Foreign currency risk**

The group is exposed to foreign currency risk as a result of certain transactions which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. The foreign currencies in which the group deals primarily are US Dollars.

**Exposure in Rand**

The net carrying amounts, in Rand, of the various exposures, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amounts at the closing rate at the reporting date:

**US Dollar exposure:****(Figures in Rand)**

Particulars	Notes	Group		Company	
		2021	2020	2021	2020
<b>Current liabilities:</b>					
Trade and other payables	15	(134,456)	(433,377)	-	-
<b>Exchange rates</b>					
<b>Rand per unit of foreign currency:</b>					
US Dollar		14.776	15,750	-	-

**Foreign currency sensitivity analysis**

The following information presents the sensitivity of the group to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

**(Figures in Rand)**

Group	2021	2021	2020	2020
	Increase	Decrease	Increase	Decrease
<b>Impact on profit or loss:</b>				
US Dollar 10% (2020: 10%)	(13,446)	13,446	(43,338)	43,338

**NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS**

For the year ended 31 March, 2021

**Interest rate risk**

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

**Interest rate sensitivity analysis**

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

(Figures in Rand)

Group	2021	2021	2020	2020
	Increase	Decrease	Increase	Decrease
<b>Increase or decrease in rate</b>				
<b>Impact on profit or loss:</b>				
Borrowings - 50 basis points change (2020: 50 basis point change)	(115,679)	115,679	(146,186)	146,186
Bank overdraft - 10% (2020: 10%)	(150,000)	150,000	(740,346)	740,346
	<b>(265,679)</b>	<b>265,679</b>	<b>(886,532)</b>	<b>(886,532)</b>

**27. Prior period error**

At the end of the prior period, the directors performed a valuation of their investment in Marico South Africa Proprietary Limited and consequently recorded an impairment thereof in the separate financial statements of the company. Refer to note 7.

On further assessment, the directors identified that the group goodwill should have been impaired further at the end of the prior financial period by an amount of R 37,686,823.

Based on the above, the group prior period financial information has been restated as follows:

(Figures in Rand)

Particulars	As previously reported	Adjustments	As restated
<b>Statement of Financial Position</b>			
Goodwill	55,613,680	(37,686,823)	17,926,857
Opening retained earnings	(11,594,705)	(37,686,823)	(49,281,528)
<b>Statement of profit or loss and other comprehensive income</b>			
Impairment of goodwill	(20,000,000)	(37,686,823)	(57,686,823)

The impairment of goodwill is a non cash flow item and consequently has been adjusted for in note 22, cash generated from operations.

The impairment of goodwill did not result in any tax adjustment.

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

### For the year ended 31 March, 2021

As the above adjustment occurred at the end of the prior period only, the opening retained earnings at 1 April 2019 had not been impacted.

Consequently, no third statement of financial position has been presented

### 28 Going concern

We draw attention to the fact that at 31 March 2021, the group had accumulated losses of R42 415 236 (2020: R49 281 528) and the company had accumulated losses of R53 770 698 (2020: accumulated losses of R53 769 146). The group has also utilised its overdraft at year end to the value of R1 500 000 (2020: R7 403 457) whilst its overall overdraft facility is R5 000 000 (2020: R15 000 000).

At 31 March 2021, the group and company remains liquid and solvent. Furthermore, the group and company has the support of its holding company, Marico Limited, which would provide funding should the group or company be unable to pay its debts as they become due.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis assumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors are aware of the COVID-19 pandemic as well as the country's downgrade to sub-investment grade. There is no immediate concern around going concern. Management has established high-level task teams that are continually assessing and monitoring developments with regard to the disease and at the time of finalising the report, the board is confident that their responses are adequate and the crisis is being continuously monitored to assess the impact on the company.

### 29 Events after the reporting period

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

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

<b>BOARD OF DIRECTORS (AS ON MARCH 31, 2021)</b>	Mr. Jacques Nieuwenhuys Mr. John Richard Mason Mr. Vivek Karve (until close of business hours of September 10, 2020) Mr. Pawan Agrawal (w.e.f. September 10, 2020) Mr. Mandla Richard Mashilo Mr. Ashish Joshi (until June 8, 2020)
<b>REGISTERED OFFICE</b>	Unit 1-5, Site 2 East, Riverside Business Park, 74 Prince Umhlangane Road, Avoca, Durban, 4051
<b>POSTAL ADDRESS</b>	P.O.Box 401093, Redhill, 4071
<b>REGISTRATION NUMBER</b>	1977/001752/07
<b>AUDITORS</b>	KPMG Inc.
<b>BANKERS</b>	Standard Bank of South Africa Limited
<b>LEGAL ADVISORS</b>	Adams & Adams – Patent and Trademark Attorneys Norton Rose – Commercial Attorneys Shepstone & Wylie – Litigation Attorneys PCSS Pty Limited – Secretarial Services Pather & Pather – Commercial Attorneys Deloitte & Touche - Tax

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

### **Opinion**

We have audited the annual financial statements of Marico South Africa Proprietary Limited (the company) set out on pages 8 to 40, which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Marico South Africa Proprietary Limited as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the document titled "Marico South Africa Proprietary Limited annual financial statements for the year ended 31 March 2021", which includes the Directors' Report as required by the Companies Act of South Africa.

The other information does not include the financial statements and our auditor's report thereon.

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

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

### **Responsibilities of the directors for the Annual Financial Statements**

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

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

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

### Auditor's responsibilities for the audit of the Annual Financial Statements

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

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

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

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

**KPMG Inc.**

**Per M de Wet**

**Chartered Accountant (SA)**

**Registered Auditor**

**Associate Director**

**25-May-21**

MARICO SOUTH AFRICA (PTY) LIMITED (MSA)

**STATEMENT OF FINANCIAL POSITION**

As at 31 March, 2021

Particulars	Notes	2021 R	2020 R
<b>Assets</b>			
Non-Current Assets			
Property, plant and equipment	3	584,414	1,032,492
Right-of-use asset	4	1,917,878	5,904,613
Goodwill	5	17,926,857	17,926,857
Intangible assets	6	81,564,722	81,564,722
		<b>101,993,871</b>	<b>106,428,684</b>
<b>Current Assets</b>			
Inventories	7	38,708,389	32,525,741
Trade and other receivables	8	25,285,923	27,017,063
Current Tax receivable		207,009	39,018
Cash and cash equivalents	9	12,761,551	1,213,549
		<b>76,962,872</b>	<b>60,795,371</b>
<b>Total Assets</b>		<b>178,956,743</b>	<b>167,224,055</b>
<b>Equity and Liabilities</b>			
Equity			
Share capital	10	107,709,235	107,709,235
Accumulated loss		(16,288,815)	(23,156,659)
		<b>91,420,420</b>	<b>84,552,576</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Borrowings	11	17,033,875	23,090,345
Lease liabilities	4	295,297	3,110,992
Deferred tax	12	8,696,131	6,263,579
Share-based payment liability	13	-	18,030
		<b>26,025,303</b>	<b>32,482,946</b>
<b>Current Liabilities</b>			
Trade and other payables	14	51,181,602	31,552,376
Borrowings	11	6,101,700	6,146,930
Lease liabilities	4	2,623,034	5,008,639
Share-based payment liability	13	104,684	77,131
Bank overdraft	9	1,500,000	7,403,457
		<b>61,511,020</b>	<b>50,188,533</b>
<b>Total Liabilities</b>		<b>87,536,323</b>	<b>82,671,479</b>
<b>Total Equity and Liabilities</b>		<b>178,956,743</b>	<b>167,224,055</b>

MARICO SOUTH AFRICA (PTY) LIMITED (MSA)

**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 March, 2021

Particulars	Notes	For the year ended March 31,	
		2021	2020
		R	R
Revenue	15	263,082,284	241,194,972
Cost of sales		(170,768,930)	(153,532,367)
<b>Gross profit</b>		<b>92,313,354</b>	<b>87,662,605</b>
Other operating (losses) gains	16	291,270	(309,528)
Movement on loss allowance on trade receivables	17	(290,247)	(16,812)
Impairment of goodwill	5	-	(20,000,000)
Other operating expenses		(80,187,717)	(84,201,168)
Operating (loss) profit	17	12,126,660	(16,864,903)
Investment income	18	97,647	106,490
Finance costs	19	(2,672,545)	(4,463,569)
<b>Profit / (loss) before taxation</b>		<b>9,551,762</b>	<b>(21,221,982)</b>
Taxation	20	(2,683,918)	(229,738)
<b>Profit / (loss) before taxation</b>		<b>6,867,844</b>	<b>(21,451,720)</b>
Other comprehensive income		-	-
<b>Total comprehensive income / (loss) for the year</b>		<b>6,867,844</b>	<b>(21,451,720)</b>



MARICO SOUTH AFRICA (PTY) LIMITED (MSA)

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 March, 2021

Particulars	Share capital	Share premium	Total share capital	Accumulated loss	Total equity
	R	R	R	R	R
<b>Balance as at 1 April 2019</b>	84,845,500	22,863,735	107,709,235	(1,704,939)	106,004,296
Loss for the year	-	-	-	(21,451,720)	(21,451,720)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	-	-	-	<b>(21,451,720)</b>	<b>(21,451,720)</b>
<b>Balance as at 1 April 2020</b>	<b>84,845,500</b>	<b>22,863,735</b>	<b>107,709,235</b>	<b>(23,156,659)</b>	<b>84,552,576</b>
Profit for the year	-	-	-	6,867,844	6,867,844
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	-	-	-	<b>6,867,844</b>	<b>6,867,844</b>
<b>Balance at 31 March 2021</b>	<b>84,845,500</b>	<b>22,863,735</b>	<b>107,709,235</b>	<b>(16,288,815)</b>	<b>91,420,420</b>

MARICO SOUTH AFRICA (PTY) LIMITED (MSA)

**STATEMENT OF CASH FLOWS**

For the year ended 31 March, 2021

Particulars	Notes	For the year ended March 31, 2021	
		2021	2020
		R	R
<b>Cash flows from operating activities</b>			
Cash generated from operations	21	31,441,581	13,599,285
Interest income		97,647	106,490
Finance costs		(2,111,460)	(3,429,496)
Tax (paid) / received	22	(419,357)	630,296
<b>Net cash from operating activities</b>		<b>29,008,411</b>	<b>10,906,575</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(282,452)	(114,113)
Proceeds on sale of property, plant and equipment	3	28,500	131,915
<b>Net cash used in investing activities</b>		<b>(253,952)</b>	<b>17,802</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(6,101,700)	(6,610,175)
Payment on lease liabilities		(5,201,300)	(5,265,321)
<b>Net cash from financing activities</b>		<b>(11,303,000)</b>	<b>(11,875,496)</b>
<b>Total cash movement for the year</b>		<b>17,451,459</b>	<b>(951,119)</b>
Cash at the beginning of the year		(6,189,908)	(5,238,789)
<b>Total cash at the end of the year</b>	<b>9</b>	<b>11,261,551</b>	<b>(6,189,908)</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2021

### Accounting Policies

#### Corporate information

Marico South Africa Proprietary Limited ("the company") is domiciled in South Africa. The company's registered office is Unit 1-5 Site 2 East, 74 Prince Umhlangane Road, Avoca, 4051. The company is involved in the distribution of a wide range of personal care and affordable complementary health care products.

#### 1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

##### 1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, the International Financial Reporting Standards ("IFRS") and the Companies Act of South Africa of South Africa, as amended.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the company's functional currency.

These accounting policies are consistent with the previous period.

##### 1.2 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

##### Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

##### Lease Classification

The Company is party to leasing agreement and is a lessee. The treatment of leasing transaction in the financial statement is mainly determined by whether the lease is considered to be an operational lease or a finance lease. In making this assessment, management consider the substance of the lease, as well as the legal form, and makes a judgement about whether substantially all of the risk and rewards of ownership are transferred.

##### Critical judgments in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option: or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2021

### **Key sources of estimation uncertainty**

#### **Impairment of financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

#### **Allowance for slow moving, damaged and obsolete inventory**

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. Where an impairment is necessary, inventory items are written down to net realisable value. The write down is included in cost of sales.

#### **Impairment testing**

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

#### **Useful lives of property, plant and equipment**

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

### **1.3 Property, plant and equipment**

Property, plant and equipment are tangible assets which the company holds for its own use and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2021

company. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	5 - 12 years
Leasehold improvements	Straight line	5 years
Plant and machinery	Straight line	5 - 15 years
Furniture and fixtures	Straight line	6 years
Motor vehicles	Straight line	3.33 years
Office equipment	Straight line	5 years
Computer equipment	Straight line	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

**1.4 Leases**

The company assesses whether a contract is, or contains a lease, at the inception of the contract. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is identified, which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2021

### Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

Details of leasing arrangements where the company is a lessee are presented in note 4 Leases (company as lessee).

### Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate. The company determines its incremental borrowing rate by obtaining interest rates from external financing sources and makes certain adjustments to reflect the terms of the lease and the type of asset leased.

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

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the company under residual value guarantees;
- the exercise price of purchase options, if the company is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs.

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the company will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2021

- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

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

### Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

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

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the company incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

### 1.5 Goodwill

Goodwill arises on the acquisition of subsidiaries, associates, joint ventures and the acquisition of assets and liabilities in terms of a business combination. Goodwill represents the excess of the cost of the acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is initially recognised as an asset at cost and is subsequently measured as cost less accumulated impairment losses. An impairment loss is recognised for goodwill is not reversed in a subsequent period.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2021

On disposal of a business the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### 1.6 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably.
- Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss when incurred.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end. Currently, the Brands have an indefinite useful life. Should managements assessment change, the Brands would be amortised using the straight line method over the determined useful life.

### 1.7 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.8 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company ,as applicable, are as follows:

Financial assets which are debt instruments:

- Amortised cost.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2021

### Financial liabilities:

- Amortised cost.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

### Trade and other receivables

#### Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 9).

#### Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

#### Impairment

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

#### Measurement and recognition of expected credit losses

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The company assumes that credit risk on a financial asset has increased significantly if it is more than 30 days due. The company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held) or:
- the financial asset is more than 90 days past due.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account.

### Borrowings

#### Classification

Borrowings (note 12) are classified as financial liabilities subsequently measured at amortised cost.

#### Recognition and measurement

Borrowings are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2021

### Trade and other payables

#### Classification

Trade and other payables (note 15), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

#### Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

#### Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period.

Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating (losses) gains.

#### Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

#### Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### Derecognition

#### Financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

#### Financial liabilities

The company derecognises financial liabilities when, and only when, the company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### Offsetting

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2021

### 1.9 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

### 1.10 Tax

#### Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

#### Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2021

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

### Tax expenses

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

### 1.11 Share capital and equity

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity.

### 1.12 Share based payments

The company operates share-based compensation under which the company receives services from directors as consideration for equity based instruments (options and rights) of Marico Limited (ultimate holding company). The fair value of the employees' services received in exchange for the grant of the options or rights is recognised as an expense.

The fair value is determined at each statement of financial position date and is expensed on a straight-line basis over the vesting period with a corresponding increase in the liability and is based on the company's estimate of options that will eventually vest. Non-market vesting conditions are included in assumptions about the number of options and rights that are expected to vest.

At each statement of financial position date, the company assesses its estimates of the number of options or rights that are expected to vest. The company recognises the impact on the original estimates, if any, in the statement of comprehensive income with a corresponding adjustment to the share option liability as appropriate.

The cash settled share-based payment, on maturity, will be computed in Indian Rupee (INR) and will be converted at the prevalent exchange rate and paid to senior management in the currency of the location of senior management.

### 1.13 Revenue from contracts with customers

Revenue is recognised upon transfer of control when performance obligations to customers are met in an amount that reflects the consideration the company expects to receive in exchange for the goods or services rendered. To recognise revenue, we apply the following five step approach:

- (1) identify the contract with a customer,
- (2) identify the performance obligations in the contract,
- (3) determine the transaction price,
- (4) allocate the transaction price to the performance obligations in the contract, and
- (5) recognize revenues when a performance obligation is satisfied.

At contract inception, the company assesses its promise to transfer goods and services to a customer to identify separate performance obligations. The company applies judgement to determine whether each good and service promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised goods and services are combined and accounted as a single performance obligation. The company allocates the arrangement consideration to separately identifiable performance obligation based on their relative stand-alone selling price or residual method. Stand-alone selling prices are determined based on sale prices for the components when it is regularly sold separately.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2021

Revenue performance obligations are met at a point in time when the good is available for use or delivered to the customer location. Control is transferred when the customer takes ownership of the good. Export revenues are recorded when the relevant incoterms of each contract is met. Rebates and discounts are recorded against revenue and receivables when the specific terms of each contract have been met.

Depending on the customer profile, sale contracts are entered into on a variety of payment terms from cash on delivery, 30 days, 60 days etc.

The nature of the goods invoiced are primarily of hair care and health products.

Due to the nature of the bulk supply of goods and quality controls in place, there is minimal obligation for returns of inventory.

There are no significant judgements required in the application of IFRS 15 due to the nature of the goods being sold.

### 1.14 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.15 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits are recognised in the period in which the service is rendered and are not discounted.

### 1.16 Translation of foreign currencies

#### Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognized in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2021

### 1.17 Finance income and finance cost

Finance income and finance costs are recognised on a time proportion basis which takes into account the effective yield/ expense on the respective asset or liability.

### 1.18 Related party transactions

A party is related to the Company if any of the following are met:

- Directly, or indirectly through one or more intermediaries, the party controls, is controlled by or is under common control with the Company.
- the party is a member of key management personnel of the entity or its parent.
- the party is a close family member of the family or individual referred to the above.

Close family member of the family of an individual includes:

- the individual's domestic partner and children.
- Children of the individual's domestic partner and
- Dependents of the individual or the individual's domestic partner.

The sales to and purchases from related parties are made on terms negotiated between the parties involved.

## 2. New Standards and Interpretations

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

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

#### **Presentation of Financial Statements: Disclosure Initiative**

The amendment clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

The effective date of the amendment is for years beginning on or after 1 January 2020.

The company has adopted the amendment for the first time in the 2021 financial statements. The impact of the amendment is not material.

#### **Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative**

The amendment clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

The effective date of the amendment is for years beginning on or after 1 January 2020.

The company has adopted the amendment for the first time in the 2021 financial statements. The impact of the amendment is not material.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2021

**2.2 Standards and interpretations not yet effective**

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 1 April 2021 or later periods:

<b>Standard/ Interpretation:</b>	<b>"Effective date: Years beginning on or after"</b>	<b>Expected impact:</b>
- Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01 January 2023	Unlikely there will be a material impact
- Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	01 January 2022	Unlikely there will be a material impact
- Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	01 January 2022	Unlikely there will be a material impact
- Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2022	Unlikely there will be a material impact
- Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 7	01 January 2021	Unlikely there will be a material impact
- Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9	01 January 2021	Unlikely there will be a material impact
- Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 16	01 January 2021	Unlikely there will be a material impact
- Interest Rate Benchmark Reform - Phase 2: Amendments to IAS 39	01 January 2021	Unlikely there will be a material impact
- COVID-19 - Related Rent Concessions - Amendment to IFRS 16	01 June 2020	Unlikely there will be a material impact

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2021

**3. Property, plant and equipment**

Particular	2021			2020		
	Cost	Accumulated Depreciation	Carrying Value	Cost	Accumulated Depreciation	Carrying Value
	R	R	R	R	R	R
Leasehold improvements	1,407,919	(1,293,205)	114,714	1,407,919	(1,035,327)	372,592
Plant and machinery	1,327,028	(1,159,270)	167,758	1,300,457	(988,197)	312,260
Office furniture and computer equipment	2,967,071	(2,665,129)	301,942	2,745,702	(2,412,314)	333,388
Motor vehicles	459,846	(459,846)	-	588,346	(574,094)	14,252
	<b>6,161,864</b>	<b>(5,577,450)</b>	<b>584,414</b>	<b>6,042,424</b>	<b>(5,009,932)</b>	<b>1,032,492</b>

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

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

**Reconciliation of property, plant and equipment - 2020**

Particulars	Opening balance	Additions	Disposals	Depreciation	Closing balance
	R	R	R	R	R
Leasehold improvements	630,470	-	-	(257,878)	372,592
Plant and machinery	497,951	9,329	-	(195,020)	312,260
Office furniture and computer equipment	571,959	104,784	(19,755)	(323,600)	333,388
Motor vehicles	65,593	-	-	(51,341)	14,252
	<b>1,765,973</b>	<b>114,113</b>	<b>(19,755)</b>	<b>(827,839)</b>	<b>1,032,492</b>



**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2021

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

The company has entered into commercial leases on certain factory buildings and plant and machinery. These leases have an average life of between three and five years. There are no restrictions placed upon the company by entering into these leases.

The directors do not plan to enter into any new leases in the short term and do not plan to extend leases therefore renewal options have not been taken into account.

Details pertaining to leasing arrangements, where the company is lessee are presented below:

**Net carrying amounts of right of use assets**

The carrying amounts of right-of-use assets are as follows:

<b>2021</b>	<b>Buildings</b>	<b>Plant and Machinery</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>
Opening balance 01 April 2020	5,119,962	784,651	5,904,613
Additions to right-of-use assets	-	-	-
Depreciation charge for the year	(3,398,005)	(313,860)	(3,711,865)
Disposal of right-of-use assets	(274,870)		(274,870)
<b>Closing balance 31 March 2021</b>	<b>1,447,087</b>	<b>470,791</b>	<b>1,917,878</b>

<b>2020</b>	<b>Buildings</b>	<b>Plant and Machinery</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>
Opening balance 01 April 2019	8,602,534	150,092	8,752,626
Additions to right-of-use assets	-	941,581	941,581
Depreciation charge for the year	(3,482,572)	(307,022)	(3,789,594)
Disposal of right-of-use assets	-	-	-
<b>Closing balance 31 March 2020</b>	<b>5,119,962</b>	<b>784,651</b>	<b>5,904,613</b>

**Depreciation recognised on right-of-use assets**

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 17), as well as depreciation which has been capitalised to the cost of other assets.

<b>Particulars</b>	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
Buildings	3,398,005	3,482,572
Plant and Machinery	313,860	307,022
	<b>3,711,865</b>	<b>3,789,594</b>

**Other disclosures**

<b>Particulars</b>	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
Interest expense on lease liabilities (note 19)	561,085	1,034,073

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2021

**Lease liabilities**

The maturity analysis of lease liabilities is as follows:

Particulars	2021	2020
	R	R
Within one year	2,716,992	5,595,002
Two to five years	342,674	3,273,583
	<b>3,059,666</b>	<b>8,868,585</b>
Less finance charge component	(141,335)	(748,954)
	<b>2,918,331</b>	<b>8,119,631</b>

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

Particulars	2021	2020
	R	R
Non-current liabilities	295,297	3,110,992
Current liabilities	2,623,034	5,008,639
	<b>2,918,331</b>	<b>8,119,631</b>

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

The incremental borrowing rate used in the calculation of the lease liabilities was prime + 0,5% (2020: prime + 0,5%).

**5. Goodwill**

Particular	2021			2020		
	Cost	Accumulated depreciation	Carrying Value	Cost	Accumulated depreciation	Carrying Value
	R	R	R	R	R	R
Goodwill	37,926,857	(20,000,000)	17,926,857	37,926,857	(20,000,000)	17,926,857

**Reconciliation of goodwill - 2021**

Particular	Opening balance	Impairment loss	Closing balance
	R	R	R
Goodwill	17,926,857	-	17,926,857

**Reconciliation of goodwill - 2020**

Particular	Opening balance	Impairment loss	Closing balance
	R	R	R
Goodwill	37,926,857	(20,000,000)	17,926,857

During the 2018 financial year, the company purchased the assets and liabilities of JM Products Proprietary Limited. Goodwill arose as a result of the purchase price exceeding the fair value of the identifiable assets and liabilities acquired.

Goodwill is tested for impairment annually or when there is an indication of impairment. The recoverable amounts of the cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order: first, to reduce the carrying amount of any goodwill allocated to the cash generating

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2021

unit and then, to the other assets of the unit, prorata on the basis of the carrying amount of each asset in that unit. The key assumptions used in the value-in-use calculations were as follows:

Growth rate in activities: a terminal growth rate of 4.5% (2020: 4.5%)

Discount rate: 20.95% (2020: 20.94%)

The value in use calculation at 31 March 2020 indicated an impairment of R20 million which has been recorded directly in profit and loss.

### 6. Intangible Assets.

Particular	2021			2020		
	Cost	Accumulated impairment	Carrying Value	Cost	Accumulated impairment	Carrying Value
	R	R	R	R	R	R
Brands	83,646,924	(2,082,202)	81,564,722	83,646,924	(2,082,202)	81,564,722

#### Reconciliation of Intangible assets - 2021

Particular	Opening balance	Additions	Amortisation	Closing balance
	R	R	R	R
Brands	81,564,722	-	81,564,722	34.54

#### Reconciliation of Intangible assets - 2020

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

The company has classified its intangible assets as having indefinite useful lives. This conclusion is supported by the fact that the company is expected to be able to use the brands for the foreseeable future and that the typical product life cycles for the brands, acquired from public information on estimates of useful lives, indicate that the intangible asset has an indefinite period of foreseeable usage. This is further supported by the stability and the strong demand in markets within which these products are marketed and sold. Detailed impairment testing is performed for the indefinite-life intangible assets annually or whenever an indicator of impairment exists. The impairment review process is as follows:

Each period and whenever impairment indicators are present, management calculate the fair value of the asset and record an impairment loss for the excess of the carrying value over the fair value, if any. The fair value is generally measured as the net present value of projected cash flows. In addition, a re-evaluation of the remaining useful life of the asset is performed to determine whether continuing to characterize 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:

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2021

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

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

\* Weighted average growth rate used to extrapolate cash flows beyond the budget period.

\*\* Post-tax discount rate applied to the cash flow projections.

A sensitivity analysis was performed with regards to the key assumptions above and the projected impact is as follows:

Sensitivity - Discount rate plus 1% and projected cash flow and growth rate constant	Impact on impairment	Impact on impairment
Caivil	-	(67)
Hercules	-	(870)
Ingwe	-	(31)
Isoplus	-	(3,069)
	-	<b>(4,037)</b>

Sensitivity - Discount rate plus 1% and projected cash flow and growth rate constant	Impact on impairment	Impact on impairment
Caivil	-	-
Hercules	-	(602)
Ingwe	-	-
Isoplus	-	(2,664)
	-	<b>(3,266)</b>

Sensitivity - Discount rate constant, projected cash flow constant and growth rate less 1 %	Impact on impairment	Impact on impairment
Caivil	(2,233)	-
Hercules	(455)	(306)
Ingwe	-	-
Isoplus	-	(1,434)
	<b>(2,688)</b>	<b>(1,740)</b>

The above possible impairments are not considered material.

### 7. Inventories

Particulars	2021	2020
	R	R
Raw materials	24,535,057	20,508,657
Work in progress	81,095	53,614
Finished goods	19,356,210	14,589,425
	<b>43,972,362</b>	<b>35,151,696</b>
Inventories (write-downs)	(5,263,973)	(2,625,955)
	<b>38,708,389</b>	<b>32,525,741</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2021

## 8. Trade and other receivables

Particulars	2021 R	2020 R
<b>Financial instruments:</b>		
Trade receivables	23,184,632	25,519,493
Loss allowance	(477,797)	(204,594)
Trade receivables at amortised cost	22,706,835	25,314,899
Other receivables	2,190,784	1,524,678
<b>Non-financial instruments:</b>		
VAT	303,403	106,877
Prepayments	84,901	70,609
Total trade and other receivables	<b>25,285,923</b>	<b>27,017,063</b>

The loss allowance has been calculated on the gross trade receivables balances as follows:

Loss allowance aging profile - 2021	Not past due R	Past due by 30 days R	Past due by 60 days R	Total R
Net trade receivables	19,385,908	3,798,724	-	23,184,632
Add back: Rebates	1,584,940	3,813,563	1,865,411	7,263,914
Gross carrying amount	<b>20,970,848</b>	<b>7,612,287</b>	<b>1,865,411</b>	<b>30,448,546</b>
Expected loss % based on gross carrying amount	0.22%	0.22%	22.22%	1.57%
Loss allowance calculated	<b>46,512</b>	<b>16,879</b>	<b>414,407</b>	<b>477,798</b>
Specific allowance	-	-	-	-
	<b>46,512</b>	<b>16,879</b>	<b>414,407</b>	<b>477,798</b>

Loss allowance aging profile - 2020	Not past due R	Past due by 30 days R	Past due by 60 days R	Total R
Net trade receivables	14,671,739	7,537,556	3,310,198	25,519,493
Add back: Rebates	1,583,239	2,735,933	4,809,206	9,128,378
Gross carrying amount	<b>16,254,978</b>	<b>10,273,489</b>	<b>8,119,404</b>	<b>34,647,871</b>
Expected loss % based on gross carrying amount	0.47%	0.24%	1.27%	0.59%
Loss allowance calculated	<b>76,772</b>	<b>24,743</b>	<b>103,079</b>	<b>204,594</b>
Specific allowance	-	-	-	-
	<b>76,772</b>	<b>24,743</b>	<b>103,079</b>	<b>204,594</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2021

### Movement in Loss allowance

Particulars	2021	2020
	R	R
Opening balance	204,594	187,782
Reversal of prior period loss allowance	(204,594)	(187,782)
Provision for the year	477,797	204,594
Closing balance	<b>477,797</b>	<b>204,594</b>

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

Particulars	2021	2020
	R	R
At amortised cost	24,897,619	26,839,577
Non-financial instruments	388,304	177,486
	<b>25,285,923</b>	<b>27,017,063</b>

### Fair value of trade and other receivables

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

## 9. Cash and cash equivalents

Particulars	2021	2020
	R	R
Cash and cash equivalents consist of:		
Bank balances	7,628,307	-
Deposits	5,133,244	1,213,549
Bank overdraft	(1,500,000)	(7,403,457)
	<b>11,261,551</b>	<b>(6,189,908)</b>
Current assets	12,761,551	1,213,549
Current liabilities	(1,500,000)	(7,403,457)
	<b>11,261,551</b>	<b>(6,189,908)</b>

Facilities available	Expiry date	R	R
Overdraft	21-Aug-21	5,000,000	15,000,000
Card	21-Aug-21	300,000	200,000
Fleet card	21-Aug-21	150,000	100,000
Guarantee by bank	21-Aug-21	882,000	882,000
Foreign exchange - Contract PFE	21-Aug-21	209,800	209,800
Medium term loan	21-Aug-21	23,644,050	29,237,275
Electronic funds transfer services - Credit Run	21-Aug-21	5,000,000	-
		<b>35,185,850</b>	<b>45,629,075</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2021

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

**10. Share capital and share premium**

Particulars	2021 R	2020 R
Authorised 30 000 000 no par value shares	<b>30,000,000</b>	30,000,000

The unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

Particulars	2021 R	2020 R
<b>Issued</b>		
500 000 Ordinary shares of R0.01	5,000	5,000
254 958 Ordinary shares of R215.10	54,840,500	54,840,500
283 253 Ordinary shares of R105.9123	30,000,000	30,000,000
Share premium	22,863,735	22,863,735
	<b>107,709,235</b>	<b>107,709,235</b>

**11. Borrowings**

Particulars	2021 R	2020 R
<b>Held at amortised cost</b>		
Standard Bank of South Africa Limited	23,135,575	29,237,275
<b>Split between non-current and current portions</b>		
Non-current liabilities	17,033,875	23,090,345
Current liabilities	6,101,700	6,146,930
	<b>23,135,575</b>	<b>29,237,275</b>

This loan is for a period of 5 years and repayable in monthly instalments of R508 475 per month with a final bullet payment of R15 million. It bears interest at 0.5% above the South African prime interest rate..

The loan is secured by:

- an unrestricted pledge and cession in security over the company's balances held in the treasury call deposit account; and
- unrestricted cession of the company's book debts.

The loan agreement with Standard Bank required the following covenants to be met:

- Debt service cover ratio
- EBITDA to gross interest payable

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2021

- gross Debt to equity ratio
- gross Debt to EBITDA

The above loan covenants are as at 31 March 2020, a waiver has been provided by Standard Bank as at 31 March 2021.

**12. Deferred tax**

Particulars	2021 R	2020 R
<b>Deferred tax liability</b>		
Purchase price allocation	(9,403,520)	(9,403,000)
Prepayments	(23,772)	-
<b>Total deferred tax liability</b>	<b>(9,427,292)</b>	<b>(9,403,000)</b>
<b>Deferred tax asset</b>		
Property, plant and equipment	71,644	63,599
Provisions	379,389	2,455,617
Net lease liability	280,128	620,205
Deferred tax balance from temporary differences other than unused tax losses	731,161	3,139,421
<b>Total deferred tax asset</b>	<b>731,161</b>	<b>3,139,421</b>

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Particulars	2021 R	2020 R
<b>Deferred tax liability</b>	(9,427,292)	(9,403,000)
Deferred tax asset	731,161	3,139,421
<b>Total net deferred tax liability</b>	<b>(8,696,131)</b>	<b>(6,263,579)</b>

**Reconciliation of deferred tax liability**

Particulars	2021 R	2020 R
<b>At beginning of year</b>	(6,263,579)	(6,033,321)
Deductible temporary difference movement on lease liability	(340,077)	-
Deductible temporary difference movement on purchase price allocation	(520)	-
Taxable temporary difference movement on tangible fixed assets	8,045	20,077
Deductible temporary difference on product development costs	-	(146,633)
Deductible temporary difference on health care benefits	-	(103,702)
Deductible temporary difference movement on prepayments	(23,772)	-
Deductible temporary difference movement on provisions	(2,076,228)	-
	<b>(8,696,131)</b>	<b>(6,263,579)</b>



**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2021

**13. Share-based payment liability**

Marico Limited granted senior management of Marico South Africa Proprietary Limited a STAR grant bonus in respect of the share appreciation rights scheme.

The liability in respect of the share appreciation rights scheme is to be settled by Marico South Africa Proprietary Limited. The value is determined by the market price of Marico Limited equity shares and no minimum guarantee amount is provided.

The STAR grant value on maturity will be computed in INR and will be converted at the prevalent exchange rate as decided by Marico Group Corporate Finance Function, and paid to senior management in the currency of location of senior management.

Award price Indian Rupee (INR)	Date rights awarded	Rights awarded	Vesting date
356.48	1-Dec-15	31620	30 Nov 2021/22

The share price at 31 March 2021 used to compute the share option liability was Indian Rupee (INR) 411.00 (2020: 346.04).

Particulars	2021 R	2020 R
Non-current portion	-	18,030
Current portion	104,684	77,131
	<b>104,684</b>	<b>95,161</b>

**14. Trade and other payables**

Particulars	2021 R	2020 R
<b>Financial instruments:</b>		
Trade payables	38,743,889	22,976,038
Trade payables - related parties	134,456	433,377
Other payables	861,026	714,726
Accruals	5,185,037	2,844,477
Audit fee accrual	1,219,473	871,578
Bonus accrual	3,612,373	2,125,841
<b>Non-financial instruments:</b>		
Leave pay accrual	1,425,348	1,586,339
	<b>51,181,602</b>	<b>31,552,376</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2021

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

Particulars	2021	2020
	R	R
At amortised cost	49,756,254	29,966,037
Non-financial instruments	1,425,348	1,586,339
	<b>51,181,602</b>	<b>31,552,376</b>

**Fair value of trade and other payables**

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

**15. Revenue**

Revenue from contracts with customers

Particulars	2021	2020
	R	R
Sale of goods	263,082,284	241,194,972

**Disaggregation of revenue from contracts with customers**

The company disaggregates revenue from customers as follows:

Timing of revenue recognition

At a point in time

Particulars	2021	2020
	R	R
Sale of goods	263,082,284	241,194,972

**16. Other operating (losses) gains**

Particulars	Note	2021	2020
		R	R
<b>Gains on disposals, scrappings and settlements</b>			
Property, plant and equipment	3	28,500	108,045
<b>Foreign exchange losses</b>			
Net foreign exchange gain / (loss)		262,770	(417,573)
<b>Total other operating gains / (losses)</b>		<b>291,270</b>	<b>(309,528)</b>

**17. Operating gains / (losses)**

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

Particulars	2021	2020
	R	R
<b>Auditor's remuneration - external</b>		
Audit fees	670,476	582,150

**Employee costs**

As at 31 March 2021 the company had 71 (2020: 71) employees. The total cost of employment of all employees, including executive directors, was as follows:

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2021

Particulars	2021	2020
	R	R
Salaries, wages, bonuses and other benefits	19,857,383	21,368,593
Refer to note 24 for directors emoluments.		
<b>Leases</b>		
<b>Operating lease charges</b>		
Computers	71,764	170,969
<b>Depreciation and amortisation</b>		
Depreciation of property, plant and equipment	730,530	827,839
Depreciation of right-of-use assets	3,711,865	3,789,594
<b>Total depreciation and amortisation</b>	<b>4,442,395</b>	<b>4,617,433</b>
<b>Impairment losses</b>		
Goodwill	-	20,000,000
<b>Movement in credit loss allowances</b>		
Trade and other receivables	290,247	16,812
<b>Other</b>		
Commission	7,665,233	7,433,893
Advertising	15,599,911	19,866,828
Delivery expenses	13,963,806	12,249,431

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

Particulars	2021	2020
	R	R
<b>Investments in financial assets:</b>		
Bank	97,647	106,490

**19. Finance costs**

Particulars	2021	2020
	R	R
Borrowings	2,077,799	3,429,496
Lease liabilities (note 4)	561,085	1,034,073
Interest paid	33,661	-
<b>Total finance costs</b>	<b>2,672,545</b>	<b>4,463,569</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2021

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

Particulars	2021 R	2020 R
<b>Current</b>		
Local income tax - current year	251,366	-
<b>Deferred</b>		
Originating and reversing temporary differences	2,432,552	229,738
	<b>2,683,918</b>	<b>229,738</b>
<b>Reconciliation of the tax expense</b>		
Reconciliation between accounting (loss) / profit and tax expense.		
Accounting (loss) profit	9,551,762	(21,221,982)
Tax at the applicable tax rate of 28% (2020: 28%)	2,674,493	(5,942,155)
<b>Tax effect of adjustments on taxable income</b>		
Permanent differences	-	6,171,893
SARS Interest	9,425	-
	<b>2,683,918</b>	<b>229,738</b>

**21. Cash generated from operations**

Particulars	2021 R	2020 R
Loss before taxation	9,551,762	(21,221,982)
<b>Adjustments for:</b>		
Depreciation	4,442,395	4,617,433
Profit on disposal of property, plant and equipment	(28,500)	(112,160)
Interest income	(97,647)	(106,490)
Finance costs	2,111,460	3,429,496
Leases interest	561,085	1,034,073
Movements in share-based payment liability	9,523	(609,371)
Impairment of goodwill	-	20,000,000
Other non-cash items	4,030	-
<b>Changes in working capital:</b>		
Inventories	(6,182,648)	2,404,632
Trade and other receivables	1,440,893	13,642,233
Trade and other payables	19,629,228	(9,478,579)
	<b>31,441,581</b>	<b>13,599,285</b>

**22. Tax Paid**

Particulars	2021 R	2020 R
Balance at beginning of the year	39,018	669,314
Current tax for the year recognised in profit or loss	(251,366)	-
Balance at end of the year	(207,009)	(39,018)
	<b>(419,357)</b>	<b>630,296</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2021

### 23. Related parties

Ultimate holding company	Marico Limited
Holding company	Marico South Africa Consumer Care Proprietary Limited
Other group companies	Marico South East Asia Marico Middle East
Executive directors	J R Mason J Nieuwenhuys M R Mashilo A Joshi P A Agrawal

#### Related party balances

##### Amounts included in trade payables regarding related parties

Particulars	2021 R	2020 R
Marico Limited	134,456	405,490
Marico Middle East	-	27,887
	<b>13,456</b>	<b>433,377</b>

#### Related party transactions

##### Purchase from related parties

Marico Limited	1,128,844	943,214
Marico Middle East	-	27,887
Marico South East Asia	88,543	-
	<b>1,217,387</b>	<b>971,101</b>

##### Cross charges from related parties

Marico Limited	134,456	-
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### 24 Directors' emoluments

#### Executive

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

\* This director is paid by the ultimate holding company, Marico Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2021

2020	Salary	Bonuses and Performance related payments	Allowances	Total
	R	R	R	R
J R Mason	2,151,926	541,596	638,410	3,331,932
J Nieuwenhuys	1,390,055	384,435	282,755	2,057,245
MR Mashilo	1,481,560	264,107	569,061	2,314,728
VA Karve*	-	-	-	-
A Joshi*	-	-	-	-
	<b>5,023,541</b>	<b>1,190,138</b>	<b>1,490,226</b>	<b>7,703,905</b>

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

### 25. Financial instruments and risk management

#### Categories of financial instrument

##### Categories of financial assets

2021	Notes	Amortised Cost	Total
		R	R
Trade and other receivables	8	24,897,619	24,897,619
Cash and cash equivalents	9	12,761,551	12,761,551
		<b>37,659,170</b>	<b>37,659,170</b>

##### Categories of financial liabilities

2021	Notes	Amortised Cost	Leases	Total
		R	R	R
Trade and other payables	14	49,756,254	-	49,756,254
Borrowings	11	23,135,575	-	23,135,575
Lease liabilities	4	-	2,918,331	2,918,331
Bank overdraft	9	1,500,000	-	1,500,000
		<b>74,391,829</b>	<b>2,918,331</b>	<b>77,310,160</b>

2020	Notes	Amortised Cost	Total
		R	R
Trade and other receivables	8	26,839,577	26,839,577
Cash and cash equivalents	9	1,213,549	1,213,549
		<b>28,053,126</b>	<b>28,053,126</b>

2020	Notes	Amortised Cost	Leases	Total
		R	R	R
Trade and other payables	14	29,966,037	-	29,966,037
Borrowings	11	29,237,275	-	29,237,275
Lease liabilities	4	-	8,119,631	8,119,631
Bank overdraft	9	7,403,457	-	7,403,457
		<b>66,606,769</b>	<b>8,119,631</b>	<b>74,726,400</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2021

### Capital risk management

The company's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the company's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The capital structure and gearing ratio of the company at the reporting date was as follows:

Particulars	Notes	2021	2020
		R	R
Borrowings	11	23,135,575	29,237,275
Lease liabilities	4	2,918,331	8,119,631
Trade and other payables	14	51,181,602	31,552,376
<b>Total borrowings</b>		<b>77,235,508</b>	<b>68,909,282</b>
(cash and cash equivalents) / bank overdraft	9	(11,261,551)	6,189,908
<b>Net borrowings</b>		<b>65,973,957</b>	<b>75,099,190</b>
Equity		91,420,420	84,552,576
		72%	89%

### Financial risk management

#### Overview

The company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk and interest rate risk).

#### Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk is presented in the table below:

Particular	2021			2020		
	Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
	R	R	R	R	R	R
Trade and other receivables	25,375,416	(477,797)	24,897,619	27,044,171	(204,594)	26,839,577

Refer to note 8 for further details on credit risk.

#### Liquidity risk

The company is exposed to liquidity risk, which is the risk that the company will encounter difficulties in meeting its obligations as they become due.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

# MARICO SOUTH AFRICA (PTY) LIMITED (MSA)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2021

2021	Notes	Less than 1 year R	2 to 5 years R	Total R	Carrying amount R
<b>Non-current liabilities</b>					
Borrowings	11	-	17,033,875	17,033,875	17,033,875
Lease liabilities	4	-	342,674	342,674	295,297
<b>Current liabilities</b>					
Trade and other payables	14	49,756,254	-	49,756,254	49,756,254
Borrowings	11	6,101,700	-	6,101,700	6,101,700
Lease liabilities	4	2,716,992	-	2,716,992	2,623,034
Bank overdraft	9	1,500,000	-	1,500,000	1,500,000
		<b>60,074,946</b>	<b>17,376,549</b>	<b>77,451,495</b>	<b>77,310,160</b>

2020	Notes	Less than 1 year R	2 to 5 years R	Total R	Carrying amount R
<b>Non-current liabilities</b>					
Borrowings	11	-	23,090,345	23,090,345	23,090,345
Lease liabilities	4	-	3,273,583	3,273,583	3,110,992
<b>Current liabilities</b>					
Trade and other payables	14	29,966,037	-	29,966,037	29,966,037
Borrowings	11	6,146,930	-	6,146,930	6,146,930
Lease liabilities	4	5,595,002	-	5,595,002	5,008,639
Bank overdraft	9	7,403,457	-	7,403,457	7,403,457
		<b>49,111,426</b>	<b>26,363,928</b>	<b>75,475,354</b>	<b>75,475,354</b>

### Foreign currency risk

The company is exposed to foreign currency risk as a result of certain transactions which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. The foreign currencies in which the company deals primarily are US Dollars.

### Exposure in Rand

The net carrying amounts, in Rand, of the various exposures, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amounts at the closing rate at the reporting date:

#### US Dollar exposure:

Particulars	Notes	2021 R	2020 R
<b>Current liabilities:</b>			
Trade and other payables	14	(134,456)	(433,377)

#### Exchange rates

Particulars	Notes	2021 R	2020 R
<b>Rand per unit of foreign currency:</b>			
US Dollar		14.776	15.750

### Foreign currency sensitivity analysis

The following information presents the sensitivity of the company to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2021

personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Particulars	2021		2020	
	Increase	Decrease	Increase	Decrease
<b>Increase or decrease in rate</b>				
<b>Impact on profit or loss:</b>				
US Dollar 10% change in exchange rate	(13,446)	13,446	(43,338)	43,338

### Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

### Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period..

Particular	2021		2020	
	Increase	Decrease	Increase	Decrease
<b>Increase or decrease in rate</b>				
<b>Impact on profit or loss:</b>				
Borrowings - 50 basis points change (2020: 50 basis points change)	(115,679)	115,679	(146,186)	146,186
Bank overdraft - 10% (2020: 10%)	(150,000)	150,000	(740,346)	740,346
	<b>(265,679)</b>	<b>265,679</b>	<b>(886,532)</b>	<b>886,532</b>

## 26. Going concern

We draw attention to the fact that at 31 March 2021, the company had accumulated losses of R16 288 815 (2020: R23 156 659). The company has also utilised its overdraft at year end to the value of R1 500 000 (2020: R7 403 457) whilst its overall overdraft facility is R5 000 000 (2020: R15 000 000).

At 31 March 2021, the company remains liquid and solvent. Furthermore, the company has the support of its holding company, Marico Limited, which would provide funding should the company be unable to pay its debts as they become due.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis assumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors are aware of the COVID-19 pandemic as well as the country's downgrade to sub investment grade. There is no immediate concern around going concern. Management has established high-level task teams that are continually assessing and monitoring developments with regard to the disease and at the time of finalising the report, the board is confident that their responses are adequate and the crisis is being continuously monitored to assess the impact on the company.

## 27. Events after the reporting period

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

# MARICO MALAYSIA SDN. BHD. (MMSB)

**BOARD OF DIRECTORS  
(AS ON MARCH 31, 2021)**

Mr. Vivek Karve (until close of business hours of September 10, 2020)  
Mr. Pawan Agrawal (w.e.f. September 10, 2020)  
Mr. Datuk Chin Chee Kee JP  
Ms. Poh Shiow Mei

**REGISTERED OFFICE**

Room A, Ground Floor, Lot 7, Block F,  
Saguking Commercial Building,  
Jalan Patau – Patau, 87000,  
Labuan F.T. Malaysia

**AUDITORS**

M/s. Sundar & Associates

**BANKERS**

HSBC Bank Malaysia Berhad

**Independent Auditors' Report to the Members of  
MARICO MALAYSIA SDN. BHD. 200901038367 (881499-V)  
(Incorporated in Malaysia)**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of MARICO MALAYSIA SDN. BHD., which comprise the statement of financial position as at 31 March 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 24.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia.

**Basis for Opinion**

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence and Other Ethical Responsibilities**

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**Information Other than the Financial Statements and Auditors' Report Thereon**

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Financial Statements**

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

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

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

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

**Other Matters**

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**SUNDAR & ASSOCIATES**  
**AF No: 1127**  
**Chartered Accountants (M)**

Shah Alam  
Date : 18 May, 2021

**SUNDARASAN A/L ARUMUGAM**  
**01876/02/2022 J**  
**Chartered Accountant (M)**

**Statement of Financial Position (Incorporated in Malaysia)**

As at 31 March, 2021

	Notes	2021 RM	2020 RM
<b>Current asset</b>			
Cash and Cash equivalents	6	53,502	92,736
Total current asset		53,502	92,736
<b>Total asset</b>			
		<b>53,502</b>	<b>92,736</b>
<b>Equity</b>			
Share capital	7	17,660,240	17,660,240
Accumulated losses		(17,612,556)	(17,587,483)
Equity attributable to owners of the Company		<b>47,684</b>	<b>72,757</b>
<b>Total equity</b>			
		<b>47,684</b>	<b>72,757</b>
<b>Current liability</b>			
Accruals		5,818	19,979
Total current liability		<b>5,818</b>	<b>19,979</b>
<b>Total liability</b>			
		<b>5,818</b>	<b>19,979</b>
<b>Total equity and liability</b>			
		<b>53,502</b>	<b>92,736</b>

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

## Statement of Comprehensive Income

For the year ended 31 March, 2021

Particulars	Notes	Year ended March 31,	
		2021 RM	2020 RM
Revenue	4.5	-	-
Other operating income		-	4,653
Other operating expenses		(25,073)	(20,751)
<b>Loss before tax</b>	9	<b>(25,073)</b>	<b>(16,098)</b>
Taxation	10	-	-
<b>Loss after taxation representing total comprehensive loss</b>		<b>(25,073)</b>	<b>(16,098)</b>
<b>Loss after taxation representing total comprehensive loss attributable to:</b>			
Owners of the Company		(25,073)	(16,098)

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

## Statement of Changes in Equity

For the year ended 31 March, 2021

Particulars	Attributable to Owners of the Company		Total Equity
	Share capital	Accumulated losses	
	RM	RM	
<b>Balances at 1 April, 2020</b>	17,660,240	(17,587,483)	72,757
Loss after tax representing total comprehensive loss	-	(25,073)	(25,073)
<b>Balance at 31 March, 2021</b>	<b>17,660,240</b>	<b>(17,612,556)</b>	<b>47,684</b>
<b>Balances at 1 April, 2019</b>	17,660,240	(17,571,385)	88,855
Loss after tax representing total comprehensive loss	-	(16,098)	(16,098)
<b>Balance at 31 April, 2020</b>	<b>17,660,240</b>	<b>(17,587,483)</b>	<b>72,757</b>

The annexed notes form an integral part of these financial statements

**Statement of Cash Flow**

For the year ended 31 March, 2021

<b>Particulars</b>	<b>2021 RM</b>	<b>2020 RM</b>
<b>Cash flows from operating activities</b>		
Loss before tax	(25,073)	(16,098)
Changes in working capital :		
Accruals	(14,161)	-
<b>Net cash (used in)/from operating activities</b>	<b>(39,234)</b>	<b>(16,098)</b>
Net decrease in cash and cash equivalents	(39,234)	(16,098)
Cash and cash equivalents at 1 April	92,736	108,834
<b>Cash and cash equivalents at 31 March</b>	<b>53,502</b>	<b>92,736</b>
<b>Cash and cash equivalents included in the statement of cash flows comprise the following:</b>		
Cash and bank balances	53,502	92,736

The annexed notes form an integral part of these financial statements



## Notes to the Financial Statements

For the year ended 31 March, 2021

### 1. Corporate information

The Company is a private company, incorporated and domiciled in Malaysia. The principal activity of the Company is as distributor of perfumery, cosmetics, toiletries and related beauty products. The Company ceased business operations with effect from the financial year 2015.

The company's registered office is located at:

Ground Floor, Lot 7, Block F  
Saguking Commercial Building,  
Jalan Patau-Patau,  
87000 W. P. Labuan

The immediate holding of the Company is Marico Middle East FZE, a private company registered and domiciled in United Arab Emirates. The ultimate holding of the Company is Marico Limited, a private company registered and domiciled in India.

The financial statements of the Company are presented in Ringgit Malaysia (RM).

The financial statements were authorised for the issue by the Board of Directors on

### 2. Compliance with Financial Reporting Standards and the Companies Act 2016

The financial statements of the Company have been prepared in compliance with Malaysian Private Entities Reporting Standard (MPERS) issued by the Malaysian Accounting Standards Board (MASB) and the provisions of the Malaysian Companies Act, 2016.

### 3. Basis of preparation

The financial statements of the Company have been prepared using historical cost bases.

Management has used estimates and assumptions in measuring the reported amounts of assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Judgements and assumptions are applied in the measurement, and hence, the actual results may not coincide with the reported amounts. The areas involving estimation uncertainties are disclosed in Note 5.

### 4. Significant accounting policies

#### 4.1 Share capital and distributions

##### a) Share Capital

Ordinary shares and non-redeemable preference share issued that carry no put option and no mandatory contractual obligation:

- (i) to deliver cash or another financial asset; or
- (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company, are classified as equity instruments.

When ordinary shares and other equity instruments are issued in a private placement or in a right issue to existing shareholders, they are recorded at the issue price. For ordinary shares issued in exchange for non-monetary assets, they are measured by reference to the fair values of the assets received.

When ordinary shares and other equity instruments are issued as consideration transferred in a business combination or as settlement of an existing financial liability, they are measured at their fair value at the date of the exchange transaction

## Notes to the Financial Statements

For the year ended 31 March, 2021

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax effect.

### b) Distributions

Distributions to holder of an equity instrument are recognised as equity transactions and are debited directly in equity, net of any related income tax effect.

A dividend declared is recognised as a liability only after it has been appropriately authorised, which is the date when the Board of Directors declares an interim dividend, or in the case of a proposed final dividend, the date the shareholders of the Company approve the proposed final dividend in an annual general meeting of shareholders. For a distribution of non-cash assets to owners, the Company measures the dividend payable at the fair value of the assets to be distributed.

## 4.2 Financial instruments

### a) Initial recognition and measurement

The Company recognises a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, and entity in the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, all financial assets and financial liabilities are measured at fair value, which is generally the transaction price, plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expenses to profit or loss when incurred.

### b) Derecognition of financial instruments

For derecognition purposes, the Company first determines whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial asset, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Company transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Company acts only as a collecting agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Company considers a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate differs by 10% or more when compared with the carrying amount of the original liability.

### c) Subsequent measurement of financial assets

For the purpose of subsequent measurement, the Company classifies financial assets into two categories, namely

- (i) financial assets at fair value through profit or loss; and
- (ii) financial assets at amortised cost

## Notes to the Financial Statements

For the year ended 31 March, 20 21

After initial recognition, the Company measures investments in quoted ordinary shares, preference shares and derivatives that are assets at their fair values by reference to the active market prices, if observable, or otherwise by a valuation technique, without any deduction for transaction costs it may incur on sale or other disposal.

Investments in debt instruments, whether quoted or unquoted, are subsequently measured at amortised cost using the effective interest method. Investments in unquoted equity instruments and whose fair value cannot be reliably measured are measured at cost.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 4.2 (g).

### d) Subsequent measurement of financial liabilities

After initial recognition, the Company measures all financial liabilities at amortised cost using the effective interest method, except for derivatives instruments that are liabilities, which are measured at fair value.

### e) Fair value measurement of financial instruments

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique using reasonable and supportable assumptions.

### f) Recognition of gains and losses

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

### g) Impairment and uncollectibility of financial assets

The Company applies the incurred loss model to recognise impairment losses of financial assets. At the end of each reporting period, the Company examines whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Evidences of trigger loss events include::

- (i) significant difficulty of the issuer or obligor;
- (ii) a breach of contract, such as a default or delinquency in interest or principal payment;
- (iii) granting exceptional concession to a customer;
- (iv) it is probable that a customer will enter bankruptcy or other financial reorganisation;
- (v) the disappearance of an active market for that financial asset because of financial difficulties; or
- (vi) any observable market data indicating that there may be a measurable decrease in the estimated future cash flows from a group of financial assets.

For a non-current loan and receivable carried at amortised cost, the revised estimated cash flows are discounted at the original effective interest rate. Any impairment loss is recognised in profit and loss and a corresponding amount is recorded in a loss allowance account. Any subsequent reversal of impairment loss of the financial asset is reversed in profit or loss with a corresponding adjustment to the allowance account, subject to the limit that the reversal should not result in the revised carrying amount of the financial asset exceeding the amount that would have been determined had no impairment loss been recognised previously.

## Notes to the Financial Statements

For the year ended 31 March, 2021

For short term trade and other receivables, where the effect of discounting is immaterial, impairment loss is tested for each individually significant receivable wherever there is any indication of impairment. Individually significant receivables for which no impairment loss is recognised are grouped together with all other receivables by classes based on credit risk characteristics and aged according to their past due periods. A collective allowance is estimated for a class group based on the Company's experiences of loss ratio in each class, taking into consideration current market conditions.

For an unquoted equity investment measured at cost less impairment, the impairment is the difference between the asset's carrying amount and the best estimate (which will necessarily be an approximation) of the amount (which might be zero) that the Company expects to receive for the asset if it were sold at the reporting date. The Company may estimate the recoverable amount using an adjusted net asset value approach.

### 4.3 Tax assets and tax liabilities

Taxes payable are determined by the Company. A current tax for current and prior periods, to the extent unpaid, is recognised as a current tax liability. If the amount already paid in respect of current and prior periods exceed the amount due for those periods, the excess is recognised as a current tax asset. A current tax liability (asset) is measured at the amount the Company expects to pay (recover) using tax rates and laws that have been enacted or substantially enacted by the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (or tax loss). The exceptions for initial recognition differences include items of property, plant and equipment that do not qualify for capital allowances and acquired intangible assets that are not deductible for tax purposes.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor tax payable profit (or loss). The exceptions for the initial recognition differences include non-taxable government grants received and reinvestment allowances and investment tax allowances on qualifying property, plant and equipment.

A deferred tax asset is recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred taxes are measured using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflects the tax consequences that would follow from the manner in which an entity in the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

At the end of each reporting period, the carrying amount of a deferred tax asset is reviewed, and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of a part or all of that deferred tax asset to be utilised. Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

A current or deferred tax is recognised as income or expense in profit or loss for the period, except to the extent that the tax arises from items recognised outside profit or loss. For items recognised directly in equity, the related tax effect is also recognised directly in equity.

## Notes to the Financial Statements

For the year ended 31 March, 2021

### 4.4 Provisions

The Company recognises a liability as a provision if the outflows required to settle the liability are uncertain in timing or amount.

A provision for warranty costs, restoration costs, restructuring costs, onerous contracts or lawsuit claim is recognised when the Company has a present legal or constructive obligation as a result of a past event, and of which the outflows of resources on settlement are probable and a reliable estimate of the amount can be made. No provision is recognised if these conditions are not met.

Any reimbursement attributable to a recognised provision from a counter-party (such as an insurer) is not off-set against the provision but recognised separately as an asset when, and only when, the reimbursement is virtually certain.

A provision is measured at the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. For a warranty provision, a probability-weighted expected outcome of the resources required to settle the obligation is applied, taking into account the Company experiences of similar transactions and supplemented with current facts and circumstances. For a restoration provision, where a single obligation is being measured, the Company uses the individual most likely outcome as the best estimate of the liability by reference to current prices that contractors would charge to undertake such obligations, and taking into account likely future events that may affect the amount required to settle an obligation. For an onerous contract, a provision is measured based on the amount by which costs to fulfil the contract exceed the benefits. For a lawsuit provision, a probability-weighted expected outcome is applied in the measurement, taking into account past court judgements made in similar cases and advice of legal experts.

A provision is measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects the time value of money and the risk that the actual outcome might differ from the estimate made. The unwinding of the discount is recognised as an interest expense.

### 4.5 Revenue recognition and measurement

There is no revenue recognised as the Company has ceased operations.

## 5. Critical judgments and estimation uncertainty

### Judgements and assumptions applied

In the selection of accounting policies for the Company, there are no areas that require significant judgements and assumptions.

### Estimation uncertainty

There is no measurement of assets and liabilities require management to use estimates based on various observable inputs and other assumptions.

## 6. Cash and cash equivalents

Particulars	2021	2020
	RM	RM
Cash and bank balances	53,502	92,736

## Notes to the Financial Statements

For the year ended 31 March, 2021

### 7. Share capital

Particulars	2021	2021	2020	2020
	Number of shares	RM	Number of shares	RM
Issued and fully paid:				
Ordinary shares	17,660,240	17,660,240	17,660,240	17,660,240

### 8. Deferred tax assets

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

Particulars	2021	2020
	RM	RM
Unabsorbed tax losses	9,818,893	9,818,893
Unabsorbed capital allowance	7,294,877	7,294,877
	<b>17,113,770</b>	<b>17,113,770</b>

A tax benefit of RM 17,113,770 relating to tax losses of the Company's is not recognised because it is not probable that sufficient taxable profit will be available in the future to offset the tax losses.

### 9. Loss before tax

Loss before tax has been arrived at after charging:

Particulars	2021	2020
	RM	RM
Auditors' remuneration	3,300	3,300
Loss on foreign exchange – unrealised and crediting	4,356	-
Gain on foreign exchange – unrealised	-	<b>4,653</b>

### 10. Taxation

Current income tax expense:

Particulars	2021	2020
	RM	RM
Tax payable in Malaysia	-	-
	<b>-</b>	<b>-</b>

The significant differences between the tax expense and accounting profit multiplied by the statutory tax rate are due to the tax effects arising from the following items:

Particulars	2021	2020
	RM	RM
Loss before tax	(25,073)	(16,098)
Tax at Malaysian statutory tax rate	(6,018)	(2,737)
Tax effect of expenses disallowed for the tax purposes	6,018	3,528
Non-taxable income	-	(791)
	<b>-</b>	<b>-</b>

## Notes to the Financial Statements

For the year ended 31 March, 2021

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

Particulars	2021	2020
	RM	RM
Unabsorbed tax losses	9,818,893	9,818,893
Unabsorbed capital allowance	7,294,877	7,294,877
	<b>17,113,770</b>	<b>17,113,770</b>

From year of assessment 2019 onwards, the unused tax losses will be allowed to be carried forwards for a maximum period of 7 consecutive years of assessment. However, the availability of unused tax losses for offsetting against future taxable profits are subjected to no substantial changes in shareholdings of the Company under the Income Tax Act 1967 and guidelines issued by the tax authority.

### 11. Reserves

The Company's policy is to treat all gains and losses that pass through the statement of comprehensive income (i.e. non-owner transactions or events) as revenue reserves. Other than retained profits, all other revenue reserves are regarded as non-distributable in the form of cash dividends to shareholders.

# MARICO SOUTH EAST ASIA CORPORATION (MSEA)

<b>BUSINESS REGISTRATION CERTIFICATE</b>	No. 3700579324 dated 11 February 2011 was initially issued by the Department of Planning and Investment of Binh Duong Province and 12 <sup>th</sup> amendment dated 4 November, 2020.	
<b>INVESTMENT CERTIFICATE</b>	Project Code 1013733152 dated 23 May, 2017. The sixth amended Investment Certificate No. 1013733152 dated 23 May 2017 was issued by the Board of Management of Industrial Park of Binh Duong Province for a period of 34 years from the date of initial Investment Certificate No. 462035000802 dated 11 February 2011. Project Code. 9816465766 dated 31 December 2008 The third amended Investment Certificate No. 9816465766 dated 5 October, 2018 was issued by the Board of Management of Industrial Park of Ho Chi Minh City for a period of 38 years from the date of initial Investment Certificate No. 41221000171 dated 31 December 2008.	
<b>BOARD OF MANAGEMENT (AS ON MARCH 31, 2021)</b>	Mr. Gupta Saugata	Chairman
	Mr. Joshi Ashish	Member (until June 8, 2020)
	Mr. Vaibhav Bhanchawat	Member (w.e.f. July 1, 2020)
	Mr. Karve Vivek	Member (until close of business hours of September 10, 2020)
	Mr. Agrawal Pawan	Member (w.e.f. close of business hours of September 10, 2020)
	Mr. Luong Huu Khanh	Member
	Ms. Nguyen Hoang Phuong Anh	Member
<b>BOARD OF DIRECTORS (AS ON MARCH 31, 2021)</b>	Mr. Luong Huu Khanh	Deputy General Director
	Mr. Kuppusamy Jayanth	Deputy General Director
	Mr. Bakde Amit	Deputy General Director
	Mr. Chatterjee Avik	Deputy General Director
	Ms. Nguyen Hoang Phuong Anh	Associate Vice President
<b>LEGAL REPRESENTATIVE</b>	Mr. Gupta Saugata	Chairman
	Mr. Luong Huu Khanh	Deputy General Director
	Ms. Bisen Priti	Associate Vice President
<b>DATE OF INCORPORATION</b>	February 11, 2011	
<b>REGISTERED OFFICE</b>	No. 3, Road 5, Song Than 1 Industrial Zone, Di An City, Binh Duong Province, Vietnam.	
<b>REPRESENTATIVE OFFICE</b>	28 <sup>th</sup> Floor, Pearl Plaza, 561A Dien Bien Phu Street. Ward 25, Binh Thanh District, Ho Chi Minh City.	
<b>AUDITOR</b>	KPMG Limited – Vietnam	



## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders

Marico South East Asia Corporation

We have audited the accompanying financial statements of Marico South East Asia Corporation (“the Company”), which comprise the balance sheet as at 31 March 2021, the statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company’s Board of Directors on 11 May 2021, as set out on pages 6 to 35

### Management’ Responsibility

The Company’s Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor’s Responsibility

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

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

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

# MARICO SOUTH EAST ASIA CORPORATION (MSEA)

## Auditor's Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of Marico South East Asia Corporation as at 31 March 2021 and of its results of operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

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

Vietnam

Audit Report No.: 21-01-000518/2-21-1

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Ha Vu Dinh

Practicing Auditor Registration

Certificate No. 0414-2018-007-1

Deputy General Director

Ho Chi Minh City, 12 May 2021

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Nelson Rodriguez Casihan

Practicing Auditor Registration

Certificate No. 2225-2018-007-1

# MARICO SOUTH EAST ASIA CORPORATION (MSEA)

## BALANCE SHEET

As at 31 March, 2021

Form B 01 – DN

(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

Particulars			As at March 31,	
	Code	Note	2021	2020
			VND	VND
<b>ASSETS</b>				
<b>Current assets</b>	<b>100</b>		<b>412,765,146,254</b>	<b>392,735,144,447</b>
(100 = 110 + 120 + 130 + 140 + 150)				
<b>Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>116,566,466,597</b>	<b>86,638,326,095</b>
Cash	111		4,866,466,597	10,538,326,095
Cash equivalents	112		111,700,000,000	76,100,000,000
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>120,030,300,190</b>	<b>133,465,710,687</b>
Accounts receivable from customers	131	5	111,089,268,405	115,476,601,293
Prepayments to suppliers	132		2,781,020,363	7,177,866,955
Other short-term receivables	136		6,168,928,039	10,815,293,794
Allowance for doubtful debts	137		(8,916,617)	(4,051,355)
<b>Inventories</b>	<b>140</b>	<b>6</b>	<b>172,324,819,414</b>	<b>170,118,497,279</b>
Inventories	141		201,044,938,297	189,769,024,888
Allowance for inventories	149		(28,720,118,883)	(19,650,527,609)
<b>Other current assets</b>	<b>150</b>		<b>3,843,560,053</b>	<b>2,512,610,386</b>
Short-term prepaid expenses	151	11(a)	3,779,061,193	2,478,655,953
Taxes receivable from State Treasury	153		64,498,860	33,954,433
<b>Long-term assets</b>	<b>200</b>		<b>146,272,959,387</b>	<b>141,161,947,808</b>
(200 = 210 + 220 + 230 + 240 + 260)				
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>5,474,027,267</b>	<b>4,849,303,758</b>
Other long-term receivables	216		5,474,027,267	4,849,303,758
<b>Fixed assets</b>	<b>220</b>		<b>89,857,796,422</b>	<b>89,780,358,540</b>
<b>Tangible fixed assets</b>	<b>221</b>	<b>7</b>	<b>63,642,845,730</b>	<b>63,203,614,672</b>
Cost	222		147,812,552,221	133,809,839,359
Accumulated depreciation	223		(84,169,706,491)	(70,606,224,687)
<b>Intangible fixed assets</b>	<b>227</b>	<b>8</b>	<b>26,214,950,692</b>	<b>26,576,743,868</b>
Cost	228		50,333,466,705	46,186,451,468
Accumulated amortisation	229		(24,118,516,013)	(19,609,707,600)
<b>Investment property</b>	<b>230</b>	<b>9</b>	<b>22,058,852,272</b>	<b>22,058,852,272</b>
Cost	231		23,843,388,652	23,843,388,652
Accumulated depreciation	232		(1,784,536,380)	(1,784,536,380)
<b>Long-term work in progress</b>	<b>240</b>	<b>10</b>	<b>1,182,242,495</b>	<b>1,837,575,790</b>
Construction in progress	242		1,182,242,495	1,837,575,790
<b>Other long-term assets</b>	<b>260</b>		<b>27,700,040,931</b>	<b>22,635,857,448</b>
Long-term prepaid expenses	261	11(b)	3,103,123,671	5,023,527,140
Deferred tax assets	262	12	24,596,917,260	17,612,330,308
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>559,038,105,641</b>	<b>533,897,092,255</b>

The accompanying notes are an integral part of these financial statements.

MARICO SOUTH EAST ASIA CORPORATION (MSEA)

**BALANCE SHEET (CONTINUED)**

As at 31 March, 2021

Form B 01 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

Particulars	Code	Note	As at March 31,	
			2021 VND	2020 VND
<b>RESOURCES</b>				
<b>Liabilities (300 = 310 + 330)</b>	<b>300</b>		<b>344,716,090,165</b>	<b>287,005,471,181</b>
<b>Current liabilities</b>	<b>310</b>		<b>322,611,854,747</b>	<b>270,785,941,212</b>
Accounts payable to suppliers	311	13	142,628,064,246	121,513,716,928
Advances from customers	312		1,293,703,113	3,425,047,068
Taxes payable to State Treasury	313	14	13,080,866,719	15,049,164,872
Payables to employees	314		32,150,872	6,729,000
Short-term accrued expenses	315	15(a)	163,413,887,361	127,658,179,592
Other short-term payables	319	16	2,163,182,436	3,101,657,734
Short-term borrowings	320	17	-	31,446,018
<b>Long-term liabilities</b>	<b>330</b>		<b>22,104,235,418</b>	<b>16,219,529,969</b>
Long-term accrued expenses	333	15(b)	3,154,887,372	2,513,245,120
Provisions – long-term	342	18	18,949,348,046	13,706,284,849
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>214,322,015,476</b>	<b>246,891,621,074</b>
<b>Owners' equity</b>	<b>410</b>	<b>19</b>	<b>214,322,015,476</b>	<b>246,891,621,074</b>
Share capital	411	20	95,358,950,000	95,358,950,000
Share premium	412		(524,990,506,149)	(524,990,506,149)
Retained profits	421		643,953,571,625	676,523,177,223
- Retained profits brought forward	421a		576,518,982,369	584,459,259,245
- Retained profit for the current year	421b		67,434,589,256	92,063,917,978
<b>Total resources</b>	<b>440</b>		<b>559,038,105,641</b>	<b>533,897,092,255</b>
<b>(440 = 300 + 400)</b>				

Prepared by  
**Nguyen Ngoc Chau**  
Senior General Accountant  
12 May, 2021

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

Approved by  
**Bhanchawat Vaibhav**  
Executive Vice President

The accompanying notes are an integral part of these financial statements.

# MARICO SOUTH EAST ASIA CORPORATION (MSEA)

## STATEMENT OF INCOME

For the year ended 31 March, 2021

Form B 02 – DN

(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

Particulars	Code	Note	For the year ended March 31,	
			31/03/2021	31/03/ 2020
			VND	VND
Revenue from sales of goods	1	23	1,482,415,971,599	1,472,860,213,846
Revenue deductions	2	23	91,622,547,469	24,209,611,197
<b>Net revenue (10 = 01 - 02)</b>	<b>10</b>	<b>23</b>	<b>1,390,793,424,130</b>	<b>1,448,650,602,649</b>
Cost of sales	11	24	568,530,109,635	612,710,124,388
<b>Gross profit (20 = 10 - 11)</b>	<b>20</b>		<b>822,263,314,495</b>	<b>835,940,478,261</b>
Financial income	21	25	6,867,243,911	3,375,913,362
Financial expenses	22	26	2,931,020,519	2,825,108,565
In which: Interest expense	23		84,874,538	483,605,063
Selling expenses	25	27	605,683,974,880	604,572,280,293
General and administration expenses	26	28	130,603,960,857	114,320,512,028
<b>Net operating profit</b>	<b>30</b>		<b>89,911,602,150</b>	<b>117,598,490,737</b>
<b>{30 = 20 + (21 - 22) - (25 + 26)}</b>				
Other income	31		693,533,110	551,396,502
Other expenses	32		3,962,831,631	2,355,306,300
<b>Results of other activities</b>	<b>40</b>		<b>(3,269,298,521)</b>	<b>(1,803,909,798)</b>
<b>(40 = 31 - 32)</b>				
<b>Accounting profit before tax</b>	<b>50</b>		<b>86,642,303,629</b>	<b>115,794,580,939</b>
<b>(50 = 30 + 40)</b>				
Income tax expense – current	51	30	26,192,301,325	29,505,584,823
Income tax benefit – deferred	52	30	(6,984,586,952)	(5,774,921,862)
<b>Net profit after tax (60 = 50 - 51 - 52)</b>	<b>60</b>		<b>67,434,589,256</b>	<b>92,063,917,978</b>

Prepared by  
**Nguyen Ngoc Chau**  
Senior General Accountant  
12 May, 2021

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

Approved by  
**Bhanchawat Vaibhav**  
Executive Vice President

The accompanying notes are an integral part of these financial statements.

# MARICO SOUTH EAST ASIA CORPORATION (MSEA)

## Statement of Cash Flow

For the year ended 31 March, 2021 (INDIRECT METHOD)

Form B 03 – DN

(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

Particulars			Year ended March 31,	
			2021	2020
	Code	Note	VND	VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Accounting profit before tax	1		86,642,303,629	115,794,580,939
<b>Adjustments for</b>				
Depreciation and amortisation	2		20,277,370,648	15,126,170,897
Allowances and provisions	3		31,469,398,236	17,476,392,495
Exchange (gains)/losses arising from revaluation of monetary items denominated in foreign currencies	4		394,412,876	(330,377,657)
(Profits)/losses from investing activities	5		(4,575,599,380)	(1,270,818,405)
Interest expense	6		84,874,538	483,605,063
<b>Operating profit before changes in working capital</b>	8		<b>134,292,760,547</b>	<b>147,279,553,332</b>
Change in receivables	9		12,300,623,213	(18,402,543,008)
Change in inventories	10		(25,161,928,496)	30,531,038,831
Change in payables and other liabilities	11		51,697,132,378	(23,627,138,179)
Change in prepaid expenses	12		1,234,998,229	1,984,773,397
			<b>174,363,585,871</b>	<b>137,765,684,373</b>
Interest paid	14		(84,874,538)	(483,605,063)
Corporate income tax paid	15		(26,229,934,741)	(35,805,545,569)
Other payments from operating activities	17		(3,265,863,416)	(2,221,869,949)
<b>Net cash flows from operating activities</b>	20		<b>144,782,913,176</b>	<b>99,254,663,792</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for additions to fixed assets and other long-term assets	21		(19,521,227,800)	(26,654,628,123)
Proceeds from disposals of fixed assets	22		117,336,776	121,287,441
Receipts of interests	27		4,606,376,678	1,092,769,400
<b>Net cash flow from investing activities</b>	30		<b>(14,797,514,346)</b>	<b>(25,440,571,282)</b>

The accompanying notes are an integral part of these financial statements.

# MARICO SOUTH EAST ASIA CORPORATION (MSEA)

## Statement of Cash Flow

For the year ended 31 March, 2021 (INDIRECT METHOD)

Form B 03 – DN

(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

Particulars	Code	Note	Year ended March 31,	
			2021	2020
			VND	VND
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from borrowings	33		1,243,031,262,723	1,223,306,467,930
Payments to settle loan principals	34		(1,243,062,708,741)	(1,223,275,021,912)
Payments of dividends	36	21	(100,004,194,854)	-
<b>Net cash flows from financing activities</b>	<b>40</b>		<b>(100,035,640,872)</b>	<b>31,446,018</b>
<b>Net cash flows during the year (50 = 20 + 30 + 40)</b>	<b>50</b>		<b>29,949,757,958</b>	<b>73,845,538,528</b>
<b>Cash and cash equivalent at the beginning of the year</b>	<b>60</b>		<b>86,638,326,095</b>	<b>12,776,693,413</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>61</b>		<b>(21,617,456)</b>	<b>16,094,154</b>
<b>Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)</b>	<b>70</b>	<b>4</b>	<b>116,566,466,597</b>	<b>86,638,326,095</b>

Prepared by  
**Nguyen Ngoc Chau**  
 Senior General Accountant  
 12 May, 2021

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

Approved by  
**Bhanchawat Vaibhav**  
 Executive Vice President

The accompanying notes are an integral part of these financial statements.

## Notes to the Financial Statements

For the year ended 31 March, 2021

Form B 09 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

### 1. Reporting entity

#### (a) Ownership structure

Marico South East Asia Corporation (“the Company”) is incorporated as a joint stock company in Vietnam.

#### (b) Principal activities

The principal activities of the Company are to produce cosmetics and food products, perform the rights to import, export and distribute cosmetics, cosmetics materials and food products.

#### (c) Normal operating cycle

The normal operating cycle of the Company is generally within 12 months.

#### (d) The Company’s number of employees

As at 31 March 2021, the Company had 425 employees (1/4/2020: 465 employees).

### 2. Basis of preparation

#### (a) Statement of compliance

These financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

#### (b) Basis of measurement

The financial statements, except for the statement of cash flows, are prepared on the accrual basis using the historical cost concept. The statement of cash flows is prepared using the indirect method.

#### (c) Annual accounting period

The annual accounting period of the Company is from 1 April to 31 March.

#### (d) Accounting and presentation currency

The Company’s accounting currency is Vietnam Dong (“VND”), which is also the currency used for financial statements presentation purpose.

### 3. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Company in the preparation of these financial statements.

#### (a) Foreign currency transactions

Transactions in currencies other than VND during the year have been translated into VND at rates approximating actual rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the account transfer buying rate and account transfer selling rate, respectively, at the end of the annual accounting period quoted by the commercial bank where the Company most frequently conducts transactions.

All foreign exchange differences are recorded in the statement of income.



**Notes to the Financial Statements**

For the year ended 31 March, 2021

Form B 09 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)**(b) Cash and cash equivalents**

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

**(c) Accounts receivable**

Accounts receivable from customers and other receivables are stated at cost less allowance for doubtful debts.

**(d) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Cost in the case of finished goods and work in progress includes raw materials, direct labour and attributable manufacturing overheads. Net realisable value is the estimated selling price of inventory items less the estimated costs of completion and direct selling expenses.

The Company applies the perpetual method of accounting for inventories.

**(e) Tangible fixed assets****(i) Cost**

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repair and maintenance and overhaul costs, is charged to the statement of income in the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase of future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

**(ii) Depreciation**

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

• buildings	5 - 25 years
• machinery and equipment	5 - 10 years
• motor vehicles	3 - 6 years
• office equipment	3 - 8 years

**(f) Intangible fixed assets****(i) Land use rights**

Land use rights comprise those acquired in a legitimate transfer. Land use rights are stated at cost less accumulated amortisation. The initial cost of a land use rights comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. Amortisation is computed on a straight-line basis over 30 years.

**Notes to the Financial Statements**

For the year ended 31 March, 2021

Form B 09 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)**(ii) Copyright**

Copyright related to software licence fee. Software licence fee is capitalised and treated as an intangible fixed asset. Software licence fee is amortised on a straight-line basis over 3 years.

**(iii) Computer software**

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible fixed asset. Software cost is amortised on a straight-line basis over 4 years.

**(g) Investment property**

Investment property held for capital appreciation

Investment property held for capital appreciation is stated at cost less any devaluation in market price. The carrying amount of an investment property item held for capital appreciation is reduced when there is evidence that its market price falls below its carrying amount and the loss can be measured reliably. Any reduction in value of investment property held for capital appreciation is charged to cost of sales.

**(h) Construction in progress**

Construction in progress represents the costs of construction and machinery which have not been fully completed or installed. No depreciation is provided for construction in progress during the period of construction and installation.

**(i) Long-term prepaid expenses****(i) Office renovation**

Expenditures for renovation of offices are recognised as long-term prepaid expenses. These expenditures are initially stated at cost and are amortised on a straight-line basis over 3 years.

**(ii) Tools and instruments**

Tools and instruments include assets held for use by the Company in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under prevailing regulation. Cost of tools and instruments are amortised on a straight-line basis over a period ranging from 2 to 3 years.

**(j) Accounts payable to suppliers and other payables**

Accounts payable to suppliers and other payables are stated at their cost.

**(k) Provisions**

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

**Severance allowance**

Under the Vietnamese Labour Code, when an employee who has worked for 12 months or more (“the eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employee’s compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their average salary for the six-month period prior to the end of the annual accounting period. For the purpose of determining the

**Notes to the Financial Statements**

For the year ended 31 March, 2021

Form B 09 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

number of years of service by an employee, the period for which the employee participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Company are excluded.

**(l) Share capital****(i) Ordinary shares**

Ordinary shares are stated at par value.

**(ii) Share premium**

The difference between the proceeds from the share issue and the par value of the issued share is recorded as a share premium. Expenses incurred directly related to shares issuance, less tax impact, is recorded as a share premium.

**(m) Taxation**

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the annual accounting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the end of the annual accounting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(n) Revenue and other income****(i) Goods sold**

Revenue from sales of goods is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods. Revenue on sales of goods is recognised at the net amount after deducting sales discounts stated on the invoice.

**(ii) Interest income**

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

**(o) Operating lease payments**

Payments made under operating leases are recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease expense.

**Notes to the Financial Statements**

For the year ended 31 March, 2021

Form B 09 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)**(p) Borrowing costs**

Borrowing costs are recognised as an expense in the year in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the assets concerned.

**(q) Related parties**

Parties are considered to be related to the Company if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Company and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

Related companies refer to the parent company, its ultimate parent company and their subsidiaries and associates.

**(r) Comparative information**

Comparative information in these financial statements is presented as corresponding figures. Under this method, comparative information for the prior year are included as an integral part of the current year financial statements and are intended to be read only in relation to the amounts and other disclosures relating to the current year. Accordingly, the comparative information included in these financial statements is not intended to present the Company's financial position, results of operation or cash flows for the prior year.

**4. Cash And Cash Equivalents**

Particulars	31/3/2021	1/4/2020
	VND	VND
Cash on hand	15,034,000	43,852,500
Cash in banks	4,851,432,597	10,494,473,595
Cash equivalents	111,700,000,000	76,100,000,000
Cash and cash equivalents in the statement of cash flows	<b>116,566,466,597</b>	<b>86,638,326,095</b>

**5. Accounts receivable from customers - short term****(a) Accounts receivable from customers detailed by significant customers**

Particulars	31/3/2021	1/4/2020
	VND	VND
Lwin & Myint Trading Company Limited	55,652,373,178	43,762,571,870
Saigon Co.op	12,399,566,223	12,492,050,944
EBS Vietnam Company Limited	11,567,461,577	14,249,606,663
Bach Hoa Xanh Trading Joint Stock Company	5,201,823,779	6,288,039,093
Vincommerce General Commercial Services Joint Stock Company	4,979,452,242	10,244,887,459
Joint Stock Company	908,133,690	134,309,934
Marico Limited, the parent company	20,380,457,716	28,305,135,330
Others		
	<b>111,089,268,405</b>	<b>115,476,601,293</b>

The trade related amounts due from the parent company were unsecured, interest free and are receivable upon demand.

## Notes to the Financial Statements

For the year ended 31 March, 2021

Form B 09 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

### 6 Inventories

Particulars	31/3/2021		1/4/2020	
	Cost	Allowance	Cost	Allowance
	VND	VND	VND	VND
Goods in transit	8,508,077,657	-	6,746,752,337	-
Raw materials	67,619,661,841	(12,098,464,971)	65,801,239,165	(1,052,386,655)
Tools and supplies	30,707,643,034	(6,942,771,655)	33,390,487,925	(8,703,610,995)
Work in progress	25,023,412,065	-	10,700,316,733	-
Finished goods	68,010,840,729	(9,425,668,942)	71,976,315,705	(9,462,782,826)
Merchandise inventories	1,175,302,971	(253,213,315)	1,153,913,023	(431,747,133)
	<b>201,044,938,297</b>	<b>(28,720,118,883)</b>	<b>189,769,024,888</b>	<b>(19,650,527,609)</b>

Included in inventories at 31 March 2021 was VND31,054 million (1/4/2020: VND23,254 million) of obsolete and slow-moving inventories that are difficult to sell.

Movements in the allowance for inventories during the year were as follows:

Particulars	2020	2019
	VND	VND
Opening balance	19,650,527,609	10,364,626,851
Allowance made during the year	22,955,606,361	13,566,358,263
Allowance utilised during the year	(13,886,015,087)	(4,280,457,505)
<b>Closing balance</b>	<b>28,720,118,883</b>	<b>19,650,527,609</b>

### 7. Tangible fixed assets

Particulars	Buildings	Machinery and equipment	Motor vehicles	Office equipment	Total
	VND	VND	VND	VND	VND
<b>Cost</b>					
Opening balance	26,540,342,613	98,602,500,984	1,410,761,730	7,256,234,032	133,809,839,359
Transfer from construction in progress	1,872,306,670	14,372,767,950	-	405,990,000	16,651,064,620
Transfer from long-term prepaid expenses	-	45,000,000	-	-	45,000,000
Disposals	-	(364,032,495)	-	-	(364,032,495)
Written-off	-	(548,917,943)	(1,178,352,930)	(602,048,390)	(2,329,319,263)
<b>Closing balance</b>	<b>28,412,649,283</b>	<b>112,107,318,496</b>	<b>232,408,800</b>	<b>7,060,175,642</b>	<b>147,812,552,221</b>
<b>Accumulated depreciation</b>					
Opening balance	11,627,628,962	52,192,507,920	1,410,761,730	5,375,326,075	70,606,224,687
Charge for the year	2,438,695,428	12,804,706,437	-	896,513,103	16,139,914,968
Disposals	-	(352,640,474)	-	-	(352,640,474)
Written-off	-	(448,554,649)	(1,178,352,930)	(596,885,111)	(2,223,792,690)
<b>Closing balance</b>	<b>14,066,324,390</b>	<b>64,196,019,234</b>	<b>232,408,800</b>	<b>5,674,954,067</b>	<b>84,169,706,491</b>

## Notes to the Financial Statements

For the year ended 31 March, 2021

Form B 09 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

Particulars	Buildings	Machinery and equipment	Motor vehicles	Office equipment	Total
	VND	VND	VND	VND	VND
<b>Net book value</b>					
Opening balance	14,912,713,651	46,409,993,064	-	1,880,907,957	63,203,614,672
Closing balance	14,346,324,893	47,911,299,262	-	1,385,221,575	63,642,845,730

Included in tangible fixed assets as at 31 March 2021 were assets costing VND30,833 million (1/4/2020: VND27,186 million) which were fully depreciated, but which are still in active use.

## 8. Intangible fixed assets

Particulars	Land use rights	Copyright	Computer software	Others	Total
	VND	VND	VND	VND	VND
<b>Cost</b>					
Opening balance	23,521,902,815	720,817,817	16,967,009,736	4,976,721,100	46,186,451,468
Transfer from construction in progress	-	-	3,775,662,504	-	3,775,662,504
Adjustments	-	-	371,352,733	-	371,352,733
Closing balance	23,521,902,815	720,817,817	21,114,024,973	4,976,721,100	50,333,466,705
<b>Accumulated amortisation</b>					
Opening balance	5,191,855,179	720,817,817	8,870,778,364	4,826,256,240	19,609,707,600
Charge for the year	574,237,565	-	3,412,753,255	150,464,860	4,137,455,680
Adjustments	-	-	371,352,733	-	371,352,733
Closing balance	5,766,092,744	720,817,817	12,654,884,352	4,976,721,100	24,118,516,013
<b>Net book value</b>					
Opening balance	18,330,047,636	-	8,096,231,372	150,464,860	26,576,743,868
Closing balance	17,755,810,071	-	8,459,140,621	-	26,214,950,692

Included in intangible fixed assets as at 31 March 2021 were assets costing VND14,426 million (1/4/2020: VND11,951 million) which were fully amortised, but which are still active in use.

## 9. Investment property

Particulars	31/3/2021	1/4/2020
	VND	VND
Investment property held for capital appreciation	22,058,852,272	22,058,852,272

**Notes to the Financial Statements**

For the year ended 31 March, 2021

Form B 09 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

Movement of investment property during the year were as follows:

Particulars	Land use right VND
<b>Cost</b>	
Opening/closing balance	23,843,388,652
<b>Accumulated amortisation</b>	
Opening/closing balance	1,784,536,380
<b>Net book value</b>	
Opening/closing balance	<b>22,058,852,272</b>

At 31 March 2021, the fair value of the Company's investment property held for capital appreciation as determined by an independent valuer, Viet Valuation and Consulting Company Limited, is VND107,249 million (1/4/2020: VND89,636 million).

**10. Construction in progress**

Particulars	VND
Opening balance	1,837,575,790
Additions	20,431,393,829
Transfer to tangible fixed assets	(16,651,064,620)
Transfer to intangible fixed assets	(3,775,662,504)
Transfer to long-term prepaid expenses	(660,000,000)
<b>Closing balance</b>	<b>1,182,242,495</b>

Major construction in progress were as follows:

Particulars	31/3/2021 VND	1/4/2020 VND
Machinery and equipment	890,456,400	184,341,200
Software	291,786,095	1,653,234,590
	<b>1,182,242,495</b>	<b>1,837,575,790</b>

**11. Prepaid expenses****(a) Short-term prepaid expenses**

Particulars	31/3/2021 VND	1/4/2020 VND
Rent	932,793,133	1,329,808,266
Insurance	1,744,021,905	729,897,923
Other expenses	1,102,246,155	418,949,764
	<b>3,779,061,193</b>	<b>2,478,655,953</b>

**Notes to the Financial Statements**

For the year ended 31 March, 2021

Form B 09 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)**(b) Long-term prepaid expenses**

Particulars	Office renovation	Tools and instruments	Total
	VND	VND	VND
Opening balance	3,079,713,619	1,943,813,521	5,023,527,140
Additions	-	36,000,000	36,000,000
Transfer from construction in progress	321,700,000	338,300,000	660,000,000
Transfer to tangible fixed assets	-	(45,000,000)	(45,000,000)
Amortisation for the year	(1,661,605,400)	(976,359,766)	(2,637,965,166)
Written-off	(18,482,954)	(6,793,478)	(25,276,432)
Adjustments	-	91,838,129	91,838,129
<b>Closing balance</b>	<b>1,721,325,265</b>	<b>1,381,798,406</b>	<b>3,103,123,671</b>

**12. Deferred tax assets**

Particulars	Tax Rate	31/3/2021	1/4/2020
		VND	VND
Allowance for inventories	20%	5,744,023,777	3,930,105,522
Accruals and provisions	20%	18,852,893,483	13,682,224,786
		<b>24,596,917,260</b>	<b>17,612,330,308</b>

**13. Accounts payable to suppliers – short term****(a) Accounts payable to suppliers detailed by significant suppliers**

Particulars	Cost / Amount within capacity	
	31/03/2021	31/03/2020
	VND	VND
Marico Limited, the parent company	26,757,345,769	20,438,218,342
Mega Lifesciences Pty. Ltd. (Thailand)	19,625,510,392	19,912,439,180
WPP Media Limited	15,218,235,130	-
Others	81,026,972,955	81,163,059,406
	<b>142,628,064,246</b>	<b>121,513,716,928</b>

The trade related amounts due to the parent company were unsecured, interest free and are payable upon demand.



**Notes to the Financial Statements**

For the year ended 31 March, 2021

Form B 09 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)**14. Taxes Payable to State Treasury**

Particulars	1/4/2020	Incurred	Paid	Net-off/Refund	31/3/2021
	VND	VND	VND	VND	VND
Value added tax	3,891,780,080	120,277,751,150	(36,832,671,472)	(84,166,881,748)	<b>3,169,978,010</b>
Personal income tax	1,794,731,118	23,063,049,956	(23,788,170,469)	(323,479,618)	<b>746,130,987</b>
Corporate income tax	9,119,545,379	26,192,301,325	(26,229,934,741)	-	<b>9,081,911,963</b>
Other taxes	243,108,295	2,530,023,060	(2,690,285,596)	-	<b>82,845,759</b>
	<b>15,049,164,872</b>	<b>172,063,125,491</b>	<b>(89,541,062,278)</b>	<b>(84,490,361,366)</b>	<b>13,080,866,719</b>

**15. Accrued expenses****(a) Short-term accrued expenses**

Particulars	31/3/2021	1/4/2020
	VND	VND
Sales promotion	64,812,850,456	40,132,707,896
Advertising	36,145,657,979	39,725,294,619
Outsourced services	15,974,157,158	15,550,427,975
Salary and bonus	15,262,250,019	15,738,582,174
Transportation	3,964,315,484	4,034,471,894
Others	27,254,656,265	12,476,695,034
	<b>163,413,887,361</b>	<b>127,658,179,592</b>

**(b) Long-term accrued expenses**

Particulars	31/3/2021	1/4/2020
	VND	VND
Dismantling costs	2,430,525,000	2,324,850,000
Bonus	724,362,372	188,395,120
	<b>3,154,887,372</b>	<b>2,513,245,120</b>

**16. Other short-term payables**

Particulars	31/3/2021	1/4/2020
	VND	VND
Social insurance, health insurance and unemployment insurance	2,038,606,056	2,422,313,762
Trade union fees	124,576,380	679,343,972
	<b>2,163,182,436</b>	<b>3,101,657,734</b>

**Notes to the Financial Statements**

For the year ended 31 March, 2021

Form B 09 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)**17. Short-Term Borrowings**

Particulars	1/4/2020		Movements during the year		31/3/2021	
	Carrying amount	Amount within repayment capacity	Increase	Decrease	Carrying amount	Amount within repayment capacity
	VND	VND	VND	VND	VND	VND
Bank overdraft	31,446,018	31,446,018	1,243,031,262,723	(1,243,062,708,741)	–	–

Bank overdraft represents short-term credit facilities with credit limit of USD5,000,000 from BNP Paribas – Ho Chi Minh City Branch. Bank overdraft bears annual interest rate ranging from 4.0% to 4.5% (for the year ended 31/3/2020: 3.3% to 6.5%) and is due for payment upon the Bank's demand.

**18. Provisions – Long Term**

Particulars	31/3/2021	1/4/2020
	VND	VND
Severance allowance	1,952,754,341	2,200,154,357
Retrenchement provision (i)	6,177,401,068	5,406,467,991
Provision for goods sold (ii)	10,819,192,637	6,099,662,501
	<b>18,949,348,046</b>	<b>13,706,284,849</b>

Movement of provisions – long-term during the year were as follows:

Particulars	Severance allowance	Retrenchement provision	Provision for Goods sold	Total
	VND	VND	VND	VND
Opening balance	2,200,154,357	5,406,467,991	6,099,662,501	13,706,284,849
Provision made during the year	96,692,142	926,165,077	10,819,192,637	11,842,049,856
Provision written off during the year (i)	-	-	(3,333,123,243)	(3,333,123,243)
Provision utilised during the year (ii)	(344,092,158)	(155,232,000)	(2,766,539,258)	(3,265,863,416)
<b>Closing balance</b>	<b>1,952,754,341</b>	<b>6,177,401,068</b>	<b>10,819,192,637</b>	<b>18,949,348,046</b>

(i) This amount represents the termination allowance for staff who could be asked to resign due to restructuring plan of the Company.

(ii) This amount represents provision for disposing of slow moving, non-moving and expired items of goods sold to foreign distributors such as Mega Lifesciences Pty Ltd and DKSH Malaysia SDN BHD in South East Asia countries (Myanmar and Cambodia) and local distributors.

**Notes to the Financial Statements**

For the year ended 31 March, 2021

Form B 09 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)**19. Changes in owners' equity**

Particulars	Share capital	Share premium	Retained profits	Total
	VND	VND	VND	VND
Balance at 1 April 2019	95,358,950,000	(524,990,506,149)	584,459,259,245	154,827,703,096
Profit for the year	-	-	92,063,917,978	92,063,917,978
<b>Balance at 31 March 2020</b>	<b>95,358,950,000</b>	<b>(524,990,506,149)</b>	<b>676,523,177,223</b>	<b>246,891,621,074</b>
Dividends (Note 21)	-	-	(100,004,194,854)	(100,004,194,854)
Profit for the year	-	-	67,434,589,256	67,434,589,256
<b>Balance at 31 March 2021</b>	<b>95,358,950,000</b>	<b>(524,990,506,149)</b>	<b>643,953,571,625</b>	<b>214,322,015,476</b>

**20. Share capital**

The Company's authorised and issued share capital are:

Particulars	31/3/2021 and 1/4/2020	
	Number of shares	Par value VND
<b>Authorised share capital</b>		
Ordinary shares	9,535,895	95,358,950,000
<b>Shares in circulation</b>		
Ordinary shares	<b>9,535,895</b>	<b>95,358,950,000</b>

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets.

The Company's parent company, Marico Limited, is incorporated in India.

**21. Dividends**

The Annual General Meeting of the Company on 25 January 2021 resolved to distribute dividends amounting to VND100,004,194,854 from retained profits for the year ended 31 March 2015 (for the year ended 31/3/2020: nil).

**22. Off balance sheet items****(a) Leases**

The future minimum lease payments under non-cancellable operating leases were:

Particulars	31/3/2021	1/4/2020
	VND	VND
Within one year	21,176,504,458	17,185,738,130
Within two to five years	22,240,980,495	13,889,253,184
	<b>43,417,484,953</b>	<b>31,074,991,314</b>

**Notes to the Financial Statements**

For the year ended 31 March, 2021

Form B 09 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)**(b) Foreign currencies**

Particulars	31/3/2021		1/4/2020	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	134,294	3,092,550,513	287,820	6,669,771,045
EUR	252	6,814,895	263	6,787,291
MYR	9,614	52,288,479	23,876	129,138,815
		<b>3,151,653,887</b>		<b>6,805,697,151</b>

**(c) Capital expenditure**

At the reporting date, the Company had the following outstanding capital commitments approved but not provided for in the balance sheet:

Particulars	31/3/2021	1/4/2020
Approved and contracted	-	1,089,748,799

**23. Revenue from sale of goods**

Total revenue represents the gross value of goods sold exclusive of value added tax. Net revenue comprised:

Particulars	For the year ended	
	31/3/2021	31/3/2020
	VND	VND
<b>Total revenue</b>		
• Sales of goods	<b>1,482,415,971,599</b>	<b>1,472,860,213,846.00</b>
Less revenue deductions		
• Sales discounts	82,777,480,700	16,050,883,535
• Sales returns	8,845,066,769	8,158,727,662
	<b>91,622,547,469</b>	<b>24,209,611,197</b>
<b>Net revenue</b>	<b>1,390,793,424,130</b>	<b>1,448,650,602,649</b>

**24. Cost of sales**

Particulars	31/03/2021	
	31/3/2021	31/3/2020
	VND	VND
• Finished goods sold	383,994,549,504	454,148,517,431
• Merchandise goods sold	159,638,492,188	137,029,397,284
• Allowance for inventories	22,955,606,361	13,566,358,263
• Others	1,941,461,582	7,965,851,410
	<b>568,530,109,635</b>	<b>612,710,124,388</b>

## Notes to the Financial Statements

For the year ended 31 March, 2021

Form B 09 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

### 25. Financial income

Particulars	31/03/2021	
	31/3/2021	31/3/2020
	VND	VND
Interest income	4,575,181,198	1,270,400,223
Realised foreign exchange gains	2,292,062,713	1,769,276,443
Unrealised foreign exchange gains	-	330,377,657
Early payment discounts	-	5,859,039
	<b>6,867,243,911</b>	<b>3,375,913,362</b>

### 26. Financial expenses

Particulars	For the year ended	
	31/3/2021	31/3/2020
	VND	VND
Interest expense	84,874,538	483,605,063
Realised foreign exchange losses	2,451,733,105	2,341,503,502
Unrealised foreign exchange losses	<b>394,412,876</b>	-
	<b>2,931,020,519</b>	<b>2,825,108,565</b>

### 27. Selling expenses

Particulars	For the year ended	
	31/3/2021	31/3/2020
	VND	VND
Staff costs	237,053,921,246	235,004,997,330
Marketing support	157,580,824,604	151,570,361,109
Advertising	134,419,155,888	136,332,937,872
Rent	21,304,564,002	17,726,683,583
Transportation	20,401,329,515	24,688,370,009
Research and development	17,596,901,620	15,407,887,603
Travelling	10,253,318,209	14,179,370,928
Depreciation and amortisation	1,153,329,678	1,523,165,521
Others	5,920,630,118	8,138,506,338
	<b>605,683,974,880</b>	<b>604,572,280,293</b>

**Notes to the Financial Statements**

For the year ended 31 March, 2021

Form B 09 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)**28. General and administration expenses**

Particulars	For the year ended	
	31/3/2021	31/3/2020
	VND	VND
Staff costs	82,474,640,779	85,487,573,318
Outside services	17,561,949,510	5,562,689,083
Rent	8,324,843,582	7,494,988,272
Professional fees	4,601,417,921	2,419,346,068
Recruitment and training	4,378,143,395	548,324,751
Depreciation and amortisation	3,727,185,850	1,208,658,451
Repairs and maintenance	3,546,391,839	3,552,000,529
License fees	1,071,620,181	1,005,237,027
Travelling	371,080,605	1,471,113,206
Others	4,546,687,195	5,570,581,323
	<b>130,603,960,857</b>	<b>114,320,512,028</b>

**29. Production costs by element**

Particulars	For the year ended	
	31/3/2021	31/3/2020
	VND	VND
Raw material costs included in production costs	478,700,078,322	520,342,111,334
Labour costs and staff costs	354,444,842,533	354,919,719,363
Depreciation and amortisation	20,277,370,648	15,126,170,897
Outside services	416,240,043,718	401,338,953,777
Other expenses	<b>35,155,710,151</b>	<b>39,875,961,338</b>

**30. Corporate Income tax****(a) Reconciliation of effective tax rate**

Particulars	For the year ended	
	31/3/2021	31/3/2020
	VND	VND
Accounting profit before tax	86,642,303,629	115,794,580,939
Tax at the Company's tax rate	17,328,460,726	23,158,916,188
Non-deductible expenses	1,879,253,647	571,746,773
	<b>19,207,714,373</b>	<b>23,730,662,961</b>

**(b) Applicable tax rates**

Under the terms of corporate income tax law, the Company has an obligation to pay the government corporate income tax at 20% of taxable profits.

**Notes to the Financial Statements**

For the year ended 31 March, 2021

Form B 09 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)**31. Significant transactions with related parties**

In addition to the related party balances disclosed in other notes to the financial statements, the Company had the following transactions with related parties during the year:

Particulars	Transaction value	
	For the year ended	
	31/3/2021	31/3/2020
	VND	VND
<b>Parent company</b>		
<b>Marico Limited</b>		
Sales of goods	908,133,690	12,538,099,586
Purchase of goods	74,716,014,967	47,974,547,537
Cross charge	9,132,912,244	10,022,186,286
Royalty fees	3,667,670,108	5,150,669,349
Dividend	100,000,000,000	-
<b>Members of Board of Management and Board of Directors</b>		
Compensation	42,013,480,118	46,014,996,468
Dividend	2,097,427	-

**32. Non-cash investing and financing activities**

Particulars	For the year ended	
	31/3/2021	31/3/2020
	VND	VND
Acquisition of fixed assets not yet paid	910,166,029	-

**33. Comparative information**

Comparative information as at 1 April 2020 was derived from the balances and amounts reported in the Company's financial statements for the year ended 31 March 2020.

Prepared by  
**Nguyen Ngoc Chau**  
Senior General Accountant  
12 May, 2021

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

Approved by  
**Bhanchawat Vaibhav**  
Executive Vice President

# MARICO INNOVATION FOUNDATION (MIF)

**BOARD OF DIRECTORS**  
**(AS ON MARCH 31, 2021)**

Mr. Harsh Mariwala  
Mr. Saugata Gupta  
Mr. Rishabh Mariwala

**REGISTERED OFFICE**

7<sup>th</sup> Floor, Grande Palladium,  
175, CST Road, Kalina,  
Santa Cruz (East), Mumbai 400 098

**AUDITORS**

Kirtane & Pandit LLP

**BANKERS**

Standard Chartered Bank



## INDEPENDENT AUDITORS' REPORT

To the Members MARICO INNOVATION FOUNDATION (MIF),

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the Standalone Financial Statements of MARICO INNOVATION FOUNDATION (MIF) ("the Company"), which comprise the balance sheet as at March 31, 2021, and the statement of Income & Expenditure, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and excess of income over expenditure, and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

## **Audit Report: FY. 20-21**

### **MARICO INNOVATION FOUNDATION (MIF)**

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

As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Income & Expenditure, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) The requirement of reporting under Section 143(3)(1) of the Act is not applicable to the Company vide General Circular No. 08/2017 dated July 25, 2017 issued by the Ministry of Corporate Affairs;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. No pending litigations.
  - ii. The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise
  - iii. There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education Fund and Protection Fund. The question of delay in transferring such sums does not arise.

**For Kirtane & Pandit LLP**

**Chartered Accountants**

Firm Registration No. 105215W/ W100057

**CA Milind Bhave**

**Partner**

**M. No. 047973**

**UDIN: 21047973AAAAAV9070**

Date: April 23, 2021

# MARICO INNOVATION FOUNDATION (MIF)

## Balance Sheet

As at 31st March, 2021

Amount in ₹

Particulars	Note No.	As at March 31,	
		2021	2020
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and Cash Equivalents	3	1,859,615	150,651
Other Current Assets	4	8,756	1,047,671
		<b>1,868,371</b>	<b>1,198,322</b>
<b>TOTAL ASSETS</b>		<b>1,868,371</b>	<b>1,198,322</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital		-	-
Reserves and Surplus	5	88,960	(279,938)
		<b>88,960</b>	<b>(279,938)</b>
<b>Current liabilities</b>			
Trade Payables	6	1,627,032	1,359,277
Dues to Statutory Authorities	7	152,379	118,982
		<b>1,779,411</b>	<b>1,478,259</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,868,371</b>	<b>1,198,322</b>

As per our report of even date

**For Kirtane & Pandit LLP**  
**Chartered Accountants**

Firm's Registration No: 105215W/W100057

**Milind Bhave**  
**Partner**  
**M. No : 047973**

**For and on behalf of the Board of Directors**

**Harsh Mariwala**  
**Director**  
**(DIN: 00210342)**

**Rishabh Mariwala**  
**Director**  
**(DIN: 03072284)**

Place: Mumbai  
Date : April 23, 2021

Place: Ooty  
Date : April 23, 2021

**Statement of Income and Expenditure**

For the year ended 31st March, 2021

Amount in ₹

Particulars	Note No.	Year ended 31st March,	
		2021	2020
I Donations Received	8	27,780,100	9,536,000
II Miscellaneous Income	9	580,951	125,000
<b>III Total Income</b>		<b>28,361,051</b>	<b>9,661,000</b>
<b>IV Expenses</b>			
Project Expenses	10	26,991,221	7,091,484
Other Expenses	11	1,000,933	1,321,866
<b>Total expenses</b>		<b>27,992,154</b>	<b>8,413,351</b>
<b>V Excess of Income over Expenditure</b>		<b>368,897</b>	<b>1,247,649</b>

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For Kirtane & Pandit LLP**  
**Chartered Accountants**

Firm's Registration No: 105215W/W100057

**Milind Bhave**  
**Partner**  
**M. No : 047973**

**For and on behalf of the Board of Directors**

**Harsh Mariwala**  
**Director**  
**(DIN: 00210342)**

**Rishabh Mariwala**  
**Director**  
**(DIN: 03072284)**

Place: Mumbai  
Date : April 23, 2021

Place: Ooty  
Date : April 23, 2021

**Cash Flow Statement**

For the year ended 31st March, 2021

Amount in ₹

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
<b>A. Cash Flow from Operating Activities</b>		
Excess of Income over Expenditure	368,897	1,247,649
<b>Adjustments for :</b>	-	-
	-	-
<b>Operating Surplus/(Deficit) before Working Capital Changes</b>	368,897	1,247,649
<b>Adjustments for :</b>		
(Increase)/Decrease in Other Current Assets	1,038,915	(47,671)
Increase/(Decrease) in Other Current Liabilities	301,152	(1,109,316)
	<b>1,340,067</b>	<b>(1,156,987)</b>
<b>Cash (used in) / generated from Operating Activities</b>	<b>1,708,964</b>	<b>90,664</b>
Taxes Paid (Net)	-	-
<b>Net Cash (used in) / generated from Operating Activities</b>	<b>1,708,964</b>	<b>90,664</b>
<b>Net (Decrease) / Increase in Cash and Cash Equivalents</b>	<b>1,708,964</b>	<b>90,664</b>
Cash and Cash Equivalents at the beginning of the year	150,651	59,988
Cash and Cash Equivalents at the end of the year	1,859,615	150,651

As per our report of even date

**For Kirtane & Pandit LLP**  
Chartered Accountants

Firm's Registration No: 105215W/W100057

**Milind Bhave**  
Partner  
M. No : 047973

For and on behalf of the Board of Directors

**Harsh Mariwala**  
Director  
(DIN: 00210342)

**Rishabh Mariwala**  
Director  
(DIN: 03072284)

Place: Mumbai  
Date : April 23, 2021

Place: Ooty  
Date : April 23, 2021

## Notes to the financial statements

For the year ended 31 March, 2021

### 1 GENERAL INFORMATION

MARICO INNOVATION FOUNDATION (MIF) ("the Company") U93090MH2009NPL193455(CIN) is a wholly owned subsidiary of Marico Limited, incorporated in India, a not-for-profit institution, established in 2003, registered as a Section 25 company under provision of Companies Act 1956 in 2009 (fosters innovation in the business & social sector). The address of the registered office and principal office is at 7th Floor, Grande Palladium, 175 CST Road, Kalina, Santacruz (East) Mumbai.

MIF works closely with social and profit oriented organisations, philanthropic institutions, social entrepreneurs and the social innovation ecosystem to nurture and implement 'direct impact' innovations to overcome systemic challenges inhabiting growth and scale. The focus of the foundation is to work with people who have scalable ideas and help them scale it to benefit India in a direct way. To this effect, MIF has already done work in the areas of renewable energy, waste management, employability, livelihoods and healthcare.

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### A. Basis of presentation of Financial Statements

The accounting standards issued by the Institute of Chartered Accountants of India are applicable to nonprofit entities, only if any part of the activities of the entity is considered to be commercial, industrial or business. Therefore, the accounting standards have been applied to the extent applicable or relevant. The financial statements have been prepared under the historical cost convention and on accrual basis except stated otherwise. The accounting policies have been consistently applied by the Foundation.

The income and expenditure has been classified based on the cost of activities carried out by the foundation. The activity-based costs are identified and each expense is classified and recorded in the books based on a documented process by the management

#### B. Revenue / Expenditure Recognition

All grants / donations are accounted for on receipt basis and expenditure and liabilities are recognized on accrual basis

#### C. Income Taxes

The Company has been granted exemption from Income Tax under section 12AA (1) (b) (i) of the Income Tax Act, 1961.

#### D. Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and which are subject to an insignificant risk of changes in value. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

#### E. Provisions

Provisions for legal claims and discounts / incentives are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

## Notes to the financial statements

For the year ended 31 March, 2021

### F. Use of Estimates

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

- G. In view of the COVID-19 pandemic, MARICO INNOVATION FOUNDATION (MIF) conducted the Innovation for India Awards program virtually in 2020.

### Note 3 Cash and Cash Equivalents Amount in ₹

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balances with Banks	1,852,304	143,340
Cash on hand	7,311	7,311
<b>Total</b>	<b>1,859,615</b>	<b>150,651</b>

### Note 4 Other Current Assets Amount in ₹

Particulars	As at 31st March, 2021	As at 31st March, 2020
Deposits to Suppliers	-	1,000,000
Miscellaneous receivable	(23,744)	45,171
Deposits with statutory/government authorities	32,500	2,500
<b>Total</b>	<b>8,756</b>	<b>1,047,671</b>

### Note 5 Reserves and Surplus Amount in ₹

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>Retained Earnings</b>		
Balance at the beginning of the year	(279,937)	(1,527,588)
Excess of Income over Expenditure	368,897	1,247,649
<b>Balance at the end of the year</b>	<b>88,960</b>	<b>(279,938)</b>

### Note 6 Trade Payables Amount in ₹

Particulars	As at 31st March, 2021	As at 31st March, 2020
Payable for services availed	1,627,032	1,359,277
<b>Total</b>	<b>1,627,032</b>	<b>1,359,277</b>

**Notes to the financial statements**

For the year ended 31 March, 2021

**Note 7 Dues to Statutory Authorities** Amount in ₹

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>Other Payables</b>		
For Statutory Dues	152,379	118,982
<b>Total</b>	<b>152,379</b>	<b>118,982</b>

**Note 8 Donations Received** Amount in ₹

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Donations	27,780,100	9,536,000
<b>Total</b>	<b>27,780,100</b>	<b>9,536,000</b>

**Note 9 Miscellaneous Income** Amount in ₹

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Miscellaneous Income	580,951	125,000
<b>Total</b>	<b>580,951</b>	<b>125,000</b>

**Note 10 Project expenses** Amount in ₹

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Project Expenses	26,991,221	7,091,484
<b>Total</b>	<b>26,991,221</b>	<b>7,091,484</b>

**Note 11 Other Expenses** Amount in ₹

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Legal and Professional Charges	914,555	1,110,972
Training & Seminar Expenses	-	58,057
Travelling & Conveyance	-	16,095
Printing & Stationery	-	2,070
Audit Fees	85,000	100,300
Bank Charges	-	6
Miscellaneous Expenses	-	3,150
Interest	1,378	31,216
<b>Total</b>	<b>1,000,933</b>	<b>1,321,866</b>

**Note 12 Auditor's Remuneration (Including Service Tax/GST)** Amount in ₹

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Audit Fees	85,000	100,300
<b>Total</b>	<b>85,000</b>	<b>100,300</b>



## Notes to the financial statements

For the year ended 31 March, 2021

### 13 Related party disclosures

#### 13.1 Details of Related Parties

Sr No.	Names of related parties where control exists and description of relationships	Country of Incorporation	Proportion of ownership interest for the year ended	
			31st March, 2021	31st March, 2020
<b>A</b>	<b>Holding</b>			
	Marico Limited	India	100.00%	100.00%
<b>B</b>	<b>Enterprises over which Key Managerial Personnel are able to exercise significant influence</b>			
	Innovation for India (Association of person where one of the director of the company is a party of the Association).	India	-	-
	Ascent India Foundation	India	-	-
	Harsh Mariwala	-	-	-

(Note: Related parties have been identified by the management)

#### 13.2 Details of transactions with related parties

Amount in ₹

Sr No.	Nature of Transactions	Holding	Others	Total
1	<i>Donations Received : FY 2020-2021</i>	14,200,000	5,000,000	<b>19,200,000</b>
	<i>FY 2019-2020</i>	<i>9,536,000</i>	-	<b>9,536,000</b>
2	<i>Donations Given : FY 2020-2021</i>	-	710,000	<b>710,000</b>
	<i>FY 2019-2020</i>	-	-	-

Figures in italic represents Previous Year's amounts.

### Note 14 Other Disclosures

- (a) Based on the information available with the Company and as informed to us by the management, there are no suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" and hence the disclosure relating thereto under the said Act is not applicable.
- (b) Prior year comparatives have been regrouped and reclassified wherever necessary to conform to the current year's presentation. Amounts and other disclosures for the prior year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

As per our report of even date

**For Kirtane & Pandit LLP**

**Chartered Accountants**

Firm's Registration No: 105215W/W100057

**Milind Bhave**  
Partner  
M. No : 047973

**For and on behalf of the Board of Directors**

**Harsh Mariwala**  
Director  
(DIN: 00210342)

**Rishabh Mariwala**  
Director  
(DIN: 03072284)

Place: Mumbai

Date : April 23, 2021

Place: Ooty

Date : April 23, 2021

# MARICO FOR CONSUMER CARE PRODUCTS S.A.E.(MFCC)

## **BOARD OF DIRECTORS (AS ON MARCH 31, 2021)**

Mr. Durgesh Chugh (until March 15, 2021)  
Mr. Binjit K. (w.e.f. March 15, 2021)  
Mr. Mohamed El-Arabi  
Ms. Marwa Hussein (representing MELCC)  
Mr. Hatem Hamed (representing MELCC) (until June 10, 2020)  
Mr. Ayman Sameh Zaki (representing MELCC) (w.e.f. June 10, 2020)  
Mr. Ashish Joshi (until June10, 2020)

## **REGISTERED OFFICE**

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

## **AUDITORS**

KPMG Hazem Hassan

## **BANKERS**

HSBC  
QNB Al-Ahly

## **LEGAL ADVISORS**

Yasser Maharem Office for Accounting & Auditing  
Nassef Law Firm

## **INDEPENDENT AUDITOR'S REPORT**

To the shareholder of Marico Consumer Care Product

### **Report on the financial statement**

We have audited the accompanying financial statements of Marico for Consumer Care Products S.A.E., which comprise the statement of financial position as at March 31, 2021, the statements of income, comprehensive income, changes in shareholders' equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Management's responsibility for the financial statements**

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

### **Auditor's responsibility**

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marico for Consumer Care Products S.A.E. as at March 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

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

The Company maintains proper books of account, which include all that is required by law and by the statutes of the Company; the financial statements are in agreement thereto. The Company maintains proper costing accounts and the inventory was counted by management in accordance with methods in practice.

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

The Company maintains proper books of account, which include all that is required by law and by the statutes of the Company; the financial statements are in agreement thereto. The Company maintains proper costing accounts and the inventory was counted by management in accordance with methods in practice.

As explained in note No. (30) of the notes to the financial statements which indicate that the company incurred profit amounted to LE 6 049 567 for the year ended March 31, 2021, and cumulative losses reached to L.E 75 609 187 as of March 31, 2021 which exceeded the half of the company's equity amounting to LE 7 236 479. In such cases the Egyptian companies law No. 159 for 1981 and its executive regulations and the company's Article of Incorporation requires the company's management should promptly convoke the Extra-Ordinary Meeting for consideration of the dissolution of the company or its continuance.

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

Cairo, May 17, 2021.

KPMG Hazem Hassan  
Public Accountants & Consultants

**STATEMENT OF FINANCIAL POSITION**

As at 31 March,2021

Particulars	Note No.	2021 EGP	2020 EGP
<b>Non current assets</b>			
Fixed assets (Net)	(31-7,14)	17,758,816	21,651,501
Rights of use (Net)	(31-9,15)	6,582,886	3,718,745
Intangible assets	(31-8,16)	9,949	26,922
Deferred Tax assets		1,730,311	1,013,571
<b>Total Non current assets</b>		<b>26,081,962</b>	<b>26,410,739</b>
<b>Current assets</b>			
Inventories	(31-6,17)	14,387,587	16,437,912
Trade and other receivables	(31-16,18)	16,680,807	16,433,440
Prepayments	(31-16,19)	2,626,670	2,561,450
Investments held to maturity	(31-10,21)	26,121,926	17,584,901
Cash and cash equivalents	(31-17,22)	1,112,542	387,601
<b>Total current assets</b>		<b>60,929,532</b>	<b>53,405,304</b>
<b>Total Assets</b>		<b>87,011,494</b>	<b>79,816,043</b>
<b>Equity</b>			
Issued & paid-up capital	(23)	14,453,300	14,453,300
Reserves	(31-15)	19,658	19,658
Retained (losses)		(75,609,187)	(69,559,620)
<b>Total Equity</b>		<b>(61,136,229)</b>	<b>(55,086,662)</b>
<b>Liabilities</b>			
<b>Non current Liabilities</b>			
Operating lease liabilities	(31-13,25)	6,372,861	3,301,391
Deferred Tax liabilities	(31-5,13A)	2,668,069	2,246,430
<b>Total Non current Liabilities</b>		<b>9,040,930</b>	<b>5,547,821</b>
<b>Current Liabilities</b>			
Operating lease liabilities	(31-13,25)	1,317,370	461,408
Banks overdraft	(26)	43,609	3,397,801
Trade and other payables	(31-18,27)	43,593,871	38,388,619
Due to related parties	(31-18,20A)	85,586,038	80,650,648
Provisions	(31-14,24)	8,565,905	6,456,408
<b>Total current liabilities</b>		<b>139,106,793</b>	<b>129,354,884</b>
<b>Total liabilities</b>		<b>148,147,723</b>	<b>134,902,705</b>
<b>Total equity and liabilities</b>		<b>87,011,494</b>	<b>79,816,043</b>

The accompanying notes from page (8) to page (39) form an integral part of these financial statements.

**Head of Finance**  
Mohamed El-Arabi

**Chairman**  
Binjit kumar kadakapedlikayal

# MARICO FOR CONSUMER CARE PRODUCTS S.A.E.(MFCC)

## INCOME STATEMENT

For the financial year ended 31 March,2021

Particulars	Notes No.	2021 EGP	2020 EGP
Revenues	(31-2,3)	127,343,584	131,301,208
<b>Less</b>			
Cost of Revenues	(4)	81,825,932	93,046,900
<b>Gross profit</b>		<b>45,517,652</b>	<b>38,254,308</b>
<b>Add/(Less)</b>			
Other income	(5)	1,571,556	3,148,328
Selling & distribution expenses	(6)	(32,947,236)	(32,767,618)
General & administrative expenses	(7)	(17,109,999)	(21,829,104)
Other expenses	(8)	(3,432,635)	(6,297,019)
<b>Operating Loss</b>		<b>(6,400,662)</b>	<b>(19,491,105)</b>
Finance income	(31-4,9)	2,078,975	4,557,602
Finance cost	(31-4,10)	(1,834,928)	(1,182,243)
<b>Net finance Loss</b>		<b>244,047</b>	<b>3,375,359</b>
<b>(Loss) before tax</b>		<b>(6,156,615)</b>	<b>(16,115,746)</b>
Income tax expense	(31-5,11)	107,048	(1,345,259)
<b>Net loss after tax</b>		<b>(6,049,567)</b>	<b>(17,461,005)</b>
<b>Losses per share for the year</b>	(12)	<b>(4.19)</b>	<b>(12.08)</b>

The accompanying notes from page (8) to page (39) form an integral part of these financial statements.

**STATEMENT OF COMPREHENSIVE INCOME**

For the financial year ended 31 March,2021

<b>Particulars</b>	<b>2021 EGP</b>	<b>2020 EGP</b>
Net (Loss) / Profit after tax	(6,049,567)	(17,461,005)
Comprehensive income	-	-
<b>Total Comprehensive (loss) income for the year</b>	<b>(6,049,567)</b>	<b>(17,461,005)</b>

**STATEMENT OF CHANGES IN EQUITY**

For the financial year ended 31 March,2021

Particular	Issued & paid in capital EGP	Genral reserve EGP	Retained earnings EGP	Total EGP
<b>Balance as at 1 April 2019</b>	14,453,300	19,658	(50,353,206)	(35,880,248)
<b>Comprehensive income</b>				
Net (loss) for the year 2019	-	-	(17,461,005)	(17,461,005)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	-	<b>(17,461,005)</b>	<b>(17,461,005)</b>
<u>Transactions with shareholders</u>				
Adjustments on retained losses	-	-	(1,745,409)	(1,745,409)
<b>Total transactions with shareholders</b>	-	-	<b>(1,745,409)</b>	<b>(1,745,409)</b>
<b>Balance as at 31 March 2020</b>	<b>14,453,300</b>	<b>19,658</b>	<b>(69,559,620)</b>	<b>(55,086,662)</b>
<b>2021</b>				
<b>Balance as at 1 April 2020</b>	14,453,300	19,658	(69,559,620)	(55,086,662)
<u>Comprehensive income</u>				
Net (loss) for the year 2020	-	-	(6,049,567)	(6,049,567)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	-	<b>(6,049,567)</b>	<b>(6,049,567)</b>
<u>Transactions with shareholders</u>				
<b>Total transactions with shareholders</b>	-	-	<b>(75,609,187)</b>	<b>(75,609,187)</b>
<b>Balance as at 31 March 2021</b>	<b>14,453,300</b>	<b>19,658</b>	<b>(75,609,187)</b>	<b>(61,136,229)</b>

The accompanying notes from page (8) to page (39) form an integral part of these financial statements.



## STATEMENT OF CASH FLOW

For the financial year ended 31 March,2021

Particulars	Notes No	2021 EGP	2020 EGP
<b>Cash Flows From Operating Activities :</b>			
Net loss before tax		(6,156,615)	(16,115,746)
<b>Adjustments for:</b>			
Fixed assets depreciation	(14)	3,892,930	3,988,222
Intangible assets amortization	(16)	31,886	40,379
Rights of use amprtization	(15)	1,469,774	1,546,561
Impairment in fixed assets		(1,363)	(2,946)
Capital losses/(gain)		8,938	(215,276)
Refund Liability		2,005,202	470,864
Customer rebates		5,612,005	5 596 638
Claims provision		3,423,697	6 250 969
Provisions no longer required		(683,585)	(27 549)
Write-down/ (Reversal of write-down) on inventories		1,169,723	1,380,871
Return on treasury bills		(904 446)	(2,305,326)
Operating lease debit interest		1,562,599	822,586
Other income		-	(2,300,350)
<b>Changes In</b>			
Inventories		3,113,756	3,994,161
Used from Write-down of inventories		(2,233,154)	(410,70)
Trade and other receivables		(247,367)	15,031,140
Prepayments		(65,220)	4,046,984
Operating lease	(34)	(1,969,082)	(2,276,885)
Trade and other payables	(34)	(2,600,008)	(8,622,239)
Related parties	(34)	4,935,390	2,034,172
Provisions used		(630,615)	(2,847,168)
<b>Net cash from / (used in) operating activities</b>		<b>11,734,445</b>	<b>10,079,892</b>
<b>Cash Flows From Investing Activities :</b>			
Payments for purchase of fixed assets,Intangible assets and projects under construction		(42,711)	(3,246,558)
Proceeds from fixed assets		19,978	311,353
Proceeds from investments held to maturity		17,584,901	11,740,328
Payments for purchase of investments held to maturity		(25,217,480)	(17,013,460)
<b>Net Cash used in investing activities</b>		<b>(7,655,312)</b>	<b>(8,208,337)</b>
<b>Cash Flows From Financing Activities</b>			
Payments for / proceeds from bank overdraft		(3,354,192)	(1,755,963)
<b>Net cash (used in) / financing activities</b>		<b>(3,354,192)</b>	<b>(1,755,963)</b>
<b>Net change in cash and cash equivalents</b>		<b>724,941</b>	<b>115,592</b>
<b>Cash and cash equivalents at the beginning of the year</b>	(32-17,22)	<b>387,601</b>	<b>272,009</b>
<b>Cash and cash equivalents at the end of the year</b>	(32-17,22)	<b>1,112,542</b>	<b>387,601</b>

-The accompanying notes from (1) to (35) form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March,2021

### 1- General

#### 1-1 Company's background

The company was incorporated according to the law No(8) year 1997 of investment guarantees and its executive regulations and was registered in the commercial register under No (114) on 16/5/2005 and issued tax card No 250/93/5 in tax investment office under the name "Naeema Abdu Mohamed Matter and partner " (Limited Partnership Company).

The contract of the company was amended by leaving partners and entering others according to the general authority of investment and free zones chairman decree No 1160/E year 2007 which approved to amend the articles No(2),(5),(7) from company's contract according to the decision of the partners meeting which was held on 19/7/2007 and the approving of the amendment project dated 22/7/2007 which was ratified in Heliopolis notary office under ratification No 4002/E year 2007 dated 24/7/2007 to change the name of the company to Wind Co.(MEL Consumer Care & Partners Wind)" Partnership company."

According to the decision of the partners meeting which was held on 20/7/2016 for approving the changing of the legal status of the company from Partnership company to joint stock company using the book value of the assets and liabilities as of 31/12/2015.

On 30 October 2017, the partners meeting approved the change of the legal status of the company from general partnership company to joint stock company as per the resolution No 4/525 for year 2016, and the resolution of the Chairman of the General Authority For Investment No. 72 for the year 2017 that resulted in the company's net equity amounted to L.E. 14 453 300 as of 31/12/2015.

On 18 December 2017 the company was registered in the commercial register under No 31640 and changing the name of the company to Marico for Consumer Care Company (S.A.E).

#### 1-2 Purpose of the Company

Establishing and operating factory for the manufacture, treatment and extraction of all kinds of oil, detergents and all kinds of cosmetics including perfumes, gill and shampoo.

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

The period of the company is 25 years starting from 10/4/2008 till 9/4/2033.

#### 1-4 Company's location

The main building of the company is located at plot No 6004,6005 Six Industrial settlement – Sadat – Monofya.

The main branch of the company is located at plot No 31 Third Floor , Tower 4 , Bhavaria Town, Plot 94 A– Kattamea investment district, ring road , E1 Basaten.

### 2- Basis of preparation

#### 2-1 Statement of compliance

These financial statements have been prepared in accordance with the Egyptian Accounting Standard and relevant Egyptian laws and regulations.

These financial statements were authorized by the board of directors for issue on May 06,2021.

#### 2-2 Basis of measurement

These financial statements have been prepared on historical cost basis

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March,2021

**2-3 Function and presentation currency**

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

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

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

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

**Measurement of Fair Value**

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

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

- On 3/18/2019, the Minister of Investment and International Corporation amended some regularities of the Egyptian accounting standards issued by Minister of Investment Decree No. 110 of 2015, which includes some new accounting standards and amendments to some existing standards.
- On April 12, 2020, the Financial Supervisory Authority issued a decision to postpone the implementation of amendments in the new Egyptian accounting standards to the periodic financial statements and limit them to the annual financial statements by the end of 2020.
- On September 17, 2020, Prime Minister Decision No. 1871 of 2020 was issued to postpone the implementation of the following Egyptian accounting standards until the first of January 2021:
  - Standard (47) – Financial Instruments – Not implemented
  - Standard (48) – Revenue from customer's contracts
  - Standard (49) – Lease contracts
- The company has implemented early adoption as of the beginning of 2020 of Egyptian Accounting Standard

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March,2021

No. 48 "Revenue from Contracts with Clients" (see A) and Egyptian Accounting Standard No. 49 "Lease Contracts" (see B) as of April 1,2019.

- The company has chosen the modified cumulative effect method by treating the impact of changes in accounting policies resulting from the implementation of these standards. Consequently,the differences resulting from the implementation of those standards referred to above "if any" have been recognized in the retained earnings Account on April 1,2019,and the comparative information included in that Financial statements to reflect the requirements of the new standards.

**A – Egyptian Standard number (48) – Revenue from customers contracts**

- Egyptian Accounting Standard No. 48 specifies a comprehensive framework for determining the value and timing of revenue recognition. This standard replaces the following Egyptian accounting standards (Egyptian Accounting Standard No. (11) "Revenue" and Egyptian Accounting Standard No. (8) "Construction contracts). Revenue is recognized When a client is able to control units or services,determining the timing of the transfer of control - over a period of time or at a point in time - requires a degree of personal judgment.

**Transitional period**

The company applied the standard using the modified cumulative effect method,noting that there was no significant impact as a result of applying this standard.

**B- Egyptian Accounting Standard No. (49) - Lease contracts**

- The Egyptian Accounting Standard No. (49) replaces the Egyptian Accounting Standard No. (20) - the accounting rules and standards related to financial leasing operations.
- Egyptian Accounting Standard No. (49) "Lease Contracts" provides one accounting model for the lessor and the lessee where the lessee recognizes the Right to use of the leased asset within the company's assets and recognizes a commitment which represents the present value of unpaid lease payments within the group's obligations,considering that Lease contracts are not classified to the lessee as an operating lease or a finance lease. There are optional exemptions for short-term and low-value leases.
- With regard to the lessor,the lessor must classify each of his lease contracts either as an operating lease contract or as a finance lease contract.
- With regard to the finance lease,the lessor must recognize the assets held under a finance lease contract in the list of the financial position and display them as receivable sums in an amount equal to the net investment in the lease contract.
- With regard to the operating lease,the lessor must recognize the lease payments from the operational lease contracts as an income,either through the straight-line method or any other structured basis.
- The effect of applying Egyptian Accounting Standard No. 49 to the opening balances of the financial position,as of April 1,2019.

**Recognition and measurement**

- At the beginning of the contract,the group evaluates whether the contract contains lease arrangements,and for such arrangements for leasing contracts,the company recognizes the right of use assets and liabilities of lease contracts,with the exception of short-term leasing contracts and low-value contracts as follows:
- Upon initial recognition,the right of use asset is measured as the amount equal to the lease

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March,2021

liability,which is measured initially and adjusted for pre-contract lease payments,initial direct costs,lease incentives,and the discounted value of the estimated costs of dismantling and removing the asset. In the subsequent measurement,the right of use asset is measured at cost minus the accumulated depreciation and the accumulated impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful lives of the right of use assets or the lease term,which is less.

- The contract lease liability is measured at the beginning of the lease contract with the present value of the unpaid lease payments on that date over the lease period,and the lease payments must be deducted using the additional borrowing rate prevailing in the country in general,the company uses the additional borrowing rate as the discount rate. Then the lease contract liability is measured at amortized cost using the effective interest rate method.
- The right of use assets and the lease contract liability will be re-measured later in case of any events of the following events occurs:
  - The change in the lease price due to the price linkage or the rate that became reliable in the period.
  - Amendments to the lease contract
  - Reassessment of the lease term
- Contracts for leasing Not essential assets that are not related to the main operating activities,which are short-term in nature (less than 12 months including renewal options) and lease contracts for impaired assets are included in the income statement as incurred.

**Transitional period**

- The company has applied the Egyptian Accounting Standard No. (49) using the modified cumulative effect method,which means that the effect of applying the standard has been recognized in retained earnings as of April 1,2019,and the comparative figures have not been modified.
- Upon switching to Egyptian Accounting Standard 49,the company chose to apply the practical method to exclude the valuation whereby transactions represent lease contracts. The company applied Egyptian Accounting Standard 49 only to contracts that were previously defined as lease contracts. Contracts that were not designated as lease contracts under Egyptian Accounting Standard 20 have not been reassessed. Consequently,the definition of a lease contract under Egyptian Accounting Standard 49 has only been applied to contracts entered into or changed on or after April 1,2019.
- The company has applied the Egyptian Accounting Standard No. (49) using the modified cumulative effect method,which means that the effect of applying the standard has been recognized in retained earnings as of April 1,2019,and the comparative figures have not been modified.
- The company has also chosen to use recognition exemptions for leasing contracts whose lease period does not exceed 12 months or less from the date of the first application and does not contain the option to purchase "short-term lease contracts" as well as low-value leasing contracts for "low-value assets."

**Significant standard of identify lease contract duration that include renewal options**

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March,2021

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

**3- Revenues**

Particulars	2021	2020
	EGP	EGP
Domestic sales	230,170,340	234,504,477
Exports sales	4,626,857	3,530,357
Intercompany sales	272,011	714,306
<b>Less:</b>		
Sales discount	(105,720,422)	(106,977,068)
Refund Liability	(2,005,202)	(470,864)
	<b>127,343,584</b>	<b>131,301,208</b>

**4- Cost of sales**

Particulars	2021	2020
	EGP	EGP
Raw materials & packing	59,667,168	71,164,505
Depreciation of fixed assets	3,519,583	3,533,630
Salaries and wages	2,922,123	4,518,142
Outsourcing Labor	5,517,122	6,982,323
Manufacturing cost	3,037,979	2,870,843
Others expenses	2,800,880	3,554,977
	<b>77,464,855</b>	<b>92,624,420</b>
Change in finish goods and work in progress inventory	4,361,077	422,480
	<b>81,825,932</b>	<b>93,046,900</b>

**5- Other income**

Particulars	Note	2021	2020
		EGP	EGP
Reversal of impairment in fixed assets	(24)	1,363	2,946
Reversal of provisions no longer required	(24)	683,585	27,549
Scrap sales		817,121	600,979
Capital Gain		-	215,276
Others		69,487	2,301,578
		<b>1,571,556</b>	<b>3,148,328</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March,2021

**6- Selling and distribution expenses**

<b>Particulars</b>	<b>2021</b>	<b>2020</b>
	<b>EGP</b>	<b>EGP</b>
Salaries and wages	3,510,955	4,338,533
Advertising and marketing expense	21,623,047	21,372,140
Agency Commission	3,326,418	2,202,000
Transportation and freight	2,292,800	2,239,111
Other expenses	2,194,016	2,615,834
	<b>32,947,236</b>	<b>32,767,618</b>

**7- General and administrative expenses**

<b>Particulars</b>	<b>2021</b>	<b>2020</b>
	<b>EGP</b>	<b>EGP</b>
Salaries and wages	7,762,213	7,870,407
Travel expenses	62,902	718,843
Consulting services	1,848,743	4,695,716
Insurance expenses	370,713	414,619
Medical expenses	616,269	708,503
Rents	266,267	450,736
Maintenance expense	991,469	1,427,354
Depreciation of fixed Assets	373,347	992,770
Amortization of right of use	1,469,774	1,546,562
Amortization of intangible assets	31,886	40,379
Other expenses	3,316,416	2,963,215
	<b>17,109,999</b>	<b>21,829,104</b>

**8- Other expenses**

<b>Particulars</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
		<b>EGP</b>	<b>EGP</b>
Provision formed during the year	24	3,423,697	6,250,969
Capital losses		8,938	46,050
		<b>3,432,635</b>	<b>6,297,019</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March,2021

**9- Finance income**

Particulars	2021	2020
	EGP	EGP
Credit interest	2,056,478	2,305,326
Foreign currency translation difference for monetary items	22,497	2,252,276
	<b>2,078,975</b>	<b>4,557,602</b>

**10- Finance Cost**

Particulars	2021	2020
	EGP	EGP
Interest on lease contracts	1,562,599	822,586
Debit interest	272,329	359,657
	<b>1,834,928</b>	<b>1,182,243</b>

**11. Income Tax****11-1 Income Tax for the year**

Particulars	Note	2021	2020
		EGP	EGP
Deferred tax	(13)	295,101	(1,035,123)
Treasury bills tax		(188,053)	(310,136)
	(11-2)	<b>107,048</b>	<b>(1,345,259)</b>

**11-2 Reconciliation of effective tax rate**

Particulars	Tax Rate	2021	Tax Rate	2020
		EGP		EGP
Net loss before income tax		(6,156,615)		(16,115,746)
Income tax on accounting profit	22.5%	(1,385,238)	22.5%	(3,626,043)
Non – deductible expenses		73,242		140,392
Treasury bills revenue		-		(310,136)
Unrecognized tax losses		617,341		3,089,423
Provisions & impairments		(389,171)		977,401
Others		976,778		1,074,222
<b>Income tax</b>		<b>(107,048)</b>		<b>1,345,259</b>



**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March,2021

**12- Losses per share for the year**

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

Particulars	2021	2020
	EGP	EGP
Net loss of the Year (LE)	(6,049,567)	(17,461,005)
Less:		
Employees share of profits	-	-
Board of directors remunerations	-	-
	<b>(6,049,567)</b>	<b>(17,461,005)</b>
Number of shares outstanding during the year (share)	<b>1,445,330</b>	<b>1,445,330</b>
<b>Losses shares (L.E. / Share)</b>	<b>(4.19)</b>	<b>(12.08)</b>

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

Particulars	31-03.2021		31-03.2020	
	Assets	Liabilities	Assets	Liabilities
	EGP	EGP	EGP	EGP
Fixed assets	-	(1,186,920)	-	(1,369,343)
Operating lease liabilities	1,730,311	-	1,013,571	-
Rights of use	-	(1,481,149)	-	(877,087)
<b>Net Deferred tax liability</b>	-	<b>(937,758)</b>	-	<b>(1,232,859)</b>
<b>Less:</b>				
Adjustments on beginning balance	-	-	506,733	-
Deferred tax previously charged	-	(1,232,859)	-	(704,469)
Deferred tax charged to the statement of income	-	<b>295,101</b>	-	<b>(1,035,123)</b>

**B- Unrecognized deferred tax assets**

Particulars	2021 EGP	2020 EGP
Write-down of inventories	320,529	1,742,437
Provision	2,668,430	559,801
Impairment in fixed assets	-	318
	<b>2,988,959</b>	<b>2,302,556</b>

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March,2021

## 14. Fixed assets (net)

Description	Land	Buildings & Constructions	Machinery & Equipment	Tools & Equipment	Office Furniture Equipment	Computers & Software	Lab Equipment	Office Equipment	Vehicles	Total
<b>EGP</b>										
<b>Cost as of 1 April 2019</b>	578,340	13,243,383	22,632,624	5,259,107	1,425,317	482,945	715,841	136,159	150,000	44,623,716
Additions during the year	-	308,805	2,665,209	346,851	39,500	35,807	-	-	100,000	3,496,172
Disposals during the year	-	-	(1,334,459)	(318,411)	(10,745)	(66,501)	(48,868)	(10,740)	-	(1,789,724)
<b>Cost as of 31 March 2020</b>	578,340	13,552,188	23,963,374	5,287,547	1,454,072	452,251	666,973	125,419	250,000	46,330,164
<b>Cost as of 1 April 2020</b>	578,340	13,552,188	23,963,374	5,287,547	1,454,072	452,251	666,973	125,419	250,000	46,330,164
Additions during the year	-	-	-	-	4,200	23,596	-	-	-	27,796
Disposals during the year	-	-	(131,894)	(48,781)	(62,749)	(92,910)	(20,901)	(4,288)	-	(361,523)
<b>Cost as of 31 March 2021</b>	578,340	13,552,188	23,831,480	5,238,766	1,395,523	382,937	646,072	121,131	250,000	45,996,437
<b>Accumulated depreciation as of 1 April 2019</b>	-	6,486,968	11,214,800	2,828,979	556,069	311,380	712,715	121,766	149,999	22,382,676
Depreciation for the year	-	676,012	1,960,947	895,735	312,844	131,593	935	3,906	6,250	3,988,222
Accumulated depreciation	-	-	(1,307,087)	(249,777)	(10,734)	(66,461)	(48,853)	(10,735)	-	(1,693,647)
<b>Accumulated depreciation as of 31 March 2020</b>	-	7,162,980	11,868,660	3,474,937	858,179	376,512	664,797	114,937	156,249	24,677,251
<b>Accumulated depreciation as of 1 April 2020</b>	-	7,162,980	11,868,660	3,474,937	858,179	376,512	664,797	114,937	156,249	24,677,251
Depreciation for the year	-	677,299	1,967,228	874,121	273,625	70,817	935	3,905	25,000	3,892,930
Accumulated depreciation	-	-	(131,880)	(48,758)	(36,613)	(90,188)	(20,898)	(4,272)	-	(332,609)
<b>Accumulated depreciation as of 31 March 2021</b>	-	7,840,279	13,704,008	4,300,300	1,095,191	357,141	644,834	114,570	181,249	28,237,572
Impairment of fixed assets as of 31/3/2020	-	-	1,412	-	-	-	-	-	-	1,412
Impairment of fixed assets as of 31/3/2021	-	-	49	-	-	-	-	-	-	49
<b>Carrying amount as of 31 March 2020</b>	578,340	6,389,208	12,093,302	1,812,610	595,893	75,739	2,176	10,482	93,751	21,651,501
<b>Carrying amount as of 31 March 2021</b>	578,340	5,711,909	10,127,423	938,466	300,332	25,796	1,238	6,561	68,751	17,758,816

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March,2021

**15- Rights of use (Net)**

Particulars	Building and Construction EGP
Cost as of 1 April 2019	-
Adjustments on beginning balance	5,682,220
Disposals for the year	-
<b>Cost as of 31 March 2020</b>	<b><u>5,682,220</u></b>
Cost as of 1 April 2020	5,682,220
Additions for the year	4,333,915
Disposals for the year	-
<b>Cost as of 31 March 2021</b>	<b><u>10,016,135</u></b>
Accumulated amortization as of 1 April 2019	-
Adjustments on beginning balance	416,914
Amortization for the year	1,546,561
<b>Accumulated amortization as of 31 March 2020</b>	<b><u>1,963,475</u></b>
Accumulated amortization as of 1 April 2020	1,963,475
Adjustments on beginning balance	-
Amortization for the year	1,469,774
<b>Accumulated amortization as of 31 March 2021</b>	<b><u>3,433,249</u></b>
<b>Net rights of use assets at 31 March 2020</b>	<b><u>3,718,745</u></b>
<b>Net rights of use assets at 31 March 2021</b>	<b><u>6,582,886</u></b>

The company signed a lease contract for a warehouse in the fourth industrial zone in Sadat City for a period of 5 years ending in 2024 and the right of use assets have been recorded at the present value of the lease payments according to the contract.

The company signed a lease contract for a unit in the Katameya investment area, the Ring Road, to be used as an administrative headquarters office for a period of 5 years ending in 2025, and the right of use assets have been recorded at the present value of the lease payments according to the contract.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March,2021

**16- Intangible assets**

Particulars	Software Licenses EGP
Cost as of 1 April 2019	270,985
Additions during the year	-
<b>Cost as of 31 March 2020</b>	<b>270,985</b>
Cost as of 1 April 2020	270,985
Additions during the year	14,915
Disposals during the year	(188,183)
<b>Cost as of 31 March 2021</b>	<b>97,717</b>
Accumulated amortization as of 1 April 2019	203,684
Amortization for the year	40,379
<b>Accumulated amortization as of 31 March 2020</b>	<b>244,063</b>
Accumulated amortization as of 1 April 2020	244,063
Additions during the year	31,886
Disposals during the year	(188,181)
<b>Accumulated amortization as of 31 March 2021</b>	<b>87,768</b>
<b>Net rights of use assets at 31 March 2019</b>	<b>26,922</b>
<b>Net rights of use assets at 31 March 2020</b>	<b>9,949</b>

**17- Inventories**

Particulars	2021 EGP	2020 EGP
Raw materials	5,346,677	3,166,145
Packing materials	4,497,914	4,367,694
Work in process	77,799	6,405
Finished goods	4,465,197	8,897,668
	<b>14,387,587</b>	<b>16,437,912</b>

Inventories were written-down by an amount of L.E. 1 424 572 for the year ended March 31,2021 (31/3/2020: L.E. 2 488 003) Note No. (24).

**18- Trade and other receivables**

Particulars	2021 EGP	2020 EGP
Accounts receivable	11,886,515	12,956,089
Notes Receivable	308,667	-
Deposits with others	429,900	699,900
Other debit balances	4,055,725	2,777,451
	<b>16,680,807</b>	<b>16,433,440</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March,2021

**19- Prepayments**

Particulars	2021 EGP	2020 EGP
Prepayments	1,381,207	1,264,005
Suppliers – advance payments	1,245,463	1,297,445
	<b>2,626,670</b>	<b>2,561,450</b>

**20- Related parties transactions**

The company transactions with related parties during 2021 represented in MEL Company-Egypt for consumer care products – Egypt (Holding company), Marico Limited company – India (Affiliate company), Marico Middle east company – UAE (Affiliate company) and Marico Egypt company (Affiliate company).

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

Related party	Country	Type of transactions	Significant transactions during the year 2021	Significant transactions during the year 2020
			EGP	EGP
- Mel Company-Egypt	- Egypt	- Finance	-	4,495,376
- Mel Company-Egypt	- Egypt	- Payments	(661,246)	-
- Marico Middle east Company	- UAE	- Finance	5,284,959	4,727,235
- Marico Limited Company	- India	- Royalty expense	638,490	652,887
- Marico Limited Company	- India	- Payments	(3,599,415)	(4,585,706)
- Marico Limited Company	- India	- Others	15,430	(101,325)
- Marico Limited Company	- India	- Payment of expenses on behalf of the company	2,311,915	-
- Marico Middle east Company	- UAE	- Others	(106,105)	(2,137,576)
- Marico Middle east Company	- UAE	- Debt payment	-	(2,337,917)
- Marico Middle east Company	- UAE	- Payment of expenses on behalf of the company	1,051,362	1,321,200

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

**A) Due to related parties:**

Particulars	2021 EGP	2020 EGP
Marico Middle East Company-UAE	27,922,349	21,692,133
Marico Limited-India	981,979	1,615,559
MEL Consumer Care Company	56,681,710	57,342,956
	<b>85,586,038</b>	<b>80,650,648</b>

The balance as of 31 March 2021 includes an amount of USD 1,774,876 after scheduling the repayment of the loan for 2029. The present value for an amount USD 1,900,000 represented in the value of the loan granted from Marico Middle East Company – UAE (against USD 1,442,434 balance at March 31,2020).

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March,2021

**21- Investments held to maturity-Treasury Bills**

<b>Bank Name</b>	<b>Paid Amount EGP</b>	<b>Accrued Interest EGP</b>	<b>Total as at 31/3/2021 EGP</b>	<b>Maturity Date</b>
QNB Bank	1,771,260	18,852	1,790,112	March 1,2022
QNB Bank	4,434,050	324,984	4,759,034	August 31,2021
QNB Bank	2,651,010	162,990	2,814,000	October 12,2021
QNB Bank	2,986,260	1,962	2,988,222	April 13,2021
QNB Bank	1,770,460	1,261	1,771,721	March 29,2022
QNB Bank	50,000	832	50,832	November 24,2021
HSBC Bank	4,442,000	47,829	4,489,829	February 15,2022
HSBC Bank	1,767,340	108,660	1,876,000	October 12,2021
HSBC Bank	898,660	99,863	998,523	April 6,2021
HSBC Bank	898,660	99,863	998,523	April 6,2021
HSBC Bank	887,750	15,494	903,244	February 1,2022
HSBC Bank	887,750	15,494	903,244	February 1,2022
HSBC Bank	886,140	3,181	889,321	March 15,2022
HSBC Bank	886,140	3,181	889,321	March 15,2022
	<b>25,217,480</b>	<b>904,446</b>	<b>26,121,926</b>	

**22- Cash and cash equivalents**

<b>Particulars</b>	<b>2021 EGP</b>	<b>2020 EGP</b>
Banks-current accounts	1,112,542	387,601
	<b>1,112,542</b>	<b>387,601</b>

**23- Issued & Paid in Capital**

- A. Authorized capital of the company is L.E. 50 million..
- B. The issued and fully paid capital of the company is L.E. 14,453,300 represented in 1,445,330 shares,at par value L.E. 10. The share capital of the company is represented in the net assets and liabilities of the company according to the evaluation of the committee that was formed from the General Authority For Investment and Free Zones No. 4/525 for the year 2016 for the net assets and liabilities of the company by net book value at 31 December 2015,for the purpose of changing the legal form of the company.

The share capital is presented as the following :

<b>Name</b>	<b>No. of Shares</b>	<b>Share value EGP</b>
MEL Consumer Care Company (S.A.E.)	1,430,878	14,308,780
Mr. Durgesh Chugh	7,226	72,260
Mr. Padmanabh Suresh Maydeo	7,226	72,260
<b>Total</b>	<b>1,445,330</b>	<b>14,453,300</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March,2021

**24- Provisions and impairment in assets and written-down of inventories**

Particulars	Balance at	Formed during	Used during	Provisions	Balance at
	31/3/2020	the year	the year	no longer required	31/3/2021
	EGP	EGP	EGP	EGP	EGP
Claims provision	6,355,497	3,085,346	(373,302)	(682,000)	8,385,541
Other provision	100,911	338,351	(257,313)	(1,586)	180,363
<b>Total</b>	<b>6,456,408</b>	<b>3,423,697</b>	<b>(630,615)</b>	<b>(683,586)</b>	<b>8,565,904</b>
Write-down of inventories	2,488,003	1,169,723	(2,233,154)	-	1,424,572
Impairment in fixed assets	1,412	-	-	(1,363)	49

**25- Lease liabilities**

The company made a lease contract for a warehouse in the fourth industrial zone in Sadat City for a period of 5 years ending in 2024, and the right of use assets were recorded at the current value of the lease payments according to the contract, also the company signed a lease contract for a unit in the Katameya investment area, the Ring Road, to be used as an administrative headquarters office for a period of 5 years ending in 2025, and the right of use assets have been recorded at the present value of the lease payments according to the contract.

The following is a statement of the operating lease obligations until the end of contracts:

Particulars	2021	2022	2023	More than 3 years	Total
	EGP	EGP	EGP	EGP	EGP
Lease liabilities	1,969,082	2,266,918	2,425,602	5,330,937	11,992,539
	<b>1,969,082</b>	<b>2,266,918</b>	<b>2,425,602</b>	<b>5,330,937</b>	<b>11,992,539</b>

The following is a statement of operating lease commitments, in present value until the end of the contracts:

Particulars	2022	2023	2024	More than 3 years	Total
	EGP	EGP	EGP	EGP	EGP
Lease liabilities	1,317,370	1,681,214	2,095,909	2,595,738	7,690,231
	<b>1,317,370</b>	<b>1,681,214</b>	<b>2,095,909</b>	<b>2,595,738</b>	<b>7,690,231</b>

Non-current liabilities represents an amount of 6 372 861 LE and current liabilities amount of 1 317 370 LE

- The following is a statement of the charge on the income statement during the year:

Particulars	Note	2021	2020
		EGP	EGP
Interest on lease contracts	(10)	1,562,599	822,586
Amortization of right of use		1,469,774	1,546,562
		<b>3,032,373</b>	<b>2,369,148</b>

Particulars	2021	2020
	EGP	EGP
Lease Payments	1,969,082	1,092,600
	<b>1,969,082</b>	<b>1,092,600</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March,2021

**26- Bank overdraft**

Particulars	2021 EGP	2020 EGP
QNB Bank	43,609	78,579
HSBC Bank	-	3,319,222
	<b>43,609</b>	<b>3,397,801</b>

**27- Trade and other payables**

Particulars	2021 EGP	2020 EGP
Suppliers	25,251,647	20,696,550
Notes payable	-	341,301
Accrued expenses	4,379,568	3,965,720
Accrued Customer rebates	5,612,005	5,609,145
Salaries & bonus of expats	842,976	729,401
Tax authority	3,752,298	5,233,157
Return liability *	3,293,785	1,438,895
Other credit balance	461,592	374,450
	<b>43,593,871</b>	<b>38,388,619</b>

\* The refund liability represented in the expected sales return resulted from applying the sales with a right of return in accordance with the new Egyptian Standard NO. (48) "revenue from contracts with customers".

**28- Tax position****a) Corporate Tax:****Years from commencement of operation till 2018**

- The company has tax exemption for ten years starts from 1/1/2009 to 31/12/2018.
- The company wasn't inspected from the inception till now.

**b) Value added tax****Years from commencement of operation till 31/12/2016:**

The tax inspection was done and the company paid all the resulting differences. On 7 September 2016, value added tax law no. 67 of 2016 was issued, which superseded law no. 11 of 1991 of sales tax.

**Years 2017 and 2019 :**

These years are under inspection

**c) Payroll tax:****Years from commencement of operation till 2012**

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

**Years from 2013 to 2019:**

These years are under inspection



**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March,2021

**d) Stamp duty tax:****Years from commencement till 31/12/2020:**

The inspection was done for this period and the resulting differences were paid.

**29- Financial instruments and management of risk related to them**

Financial instruments are represented in the balances of cash and cash equivalent, trade & notes receivables, trade and notes payable, due to/from affiliates and subsidiaries and other monetary items included in debtors and creditors accounts and the book value of these financial instruments represents a reasonable estimate of their fair values. Note No. (31) of the notes to the financial statements includes the major accounting policies used in recording and measurement of the significant financial instruments and the related revenues and expenses.

**A) Credit risk**

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

**B) Foreign exchange risk**

This risk is represented in the risk of fluctuation in exchange rates, which in turn affects the company's cash inflows and outflows as well as the translation of its monetary foreign currency assets and liabilities. As of the balance sheet date the company has monetary, foreign currency, assets and liabilities equivalent to L.E. 71 730 and L.E. 29 906 072 respectively.

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

<b>Foreign Currency</b>	<b>Deficit</b>
US Dollars	1,892,094
Euro	3,549

And as stated in note (31-1) "Foreign Currency Translation", the above mentioned balances of monetary foreign currency assets and liabilities were translated using the prevailing exchange rate at the balance sheet date.

**C) Interest risk**

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

**D) Liquidity risk**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March,2021

Particulars	Book Value	Book Value
	31/3/2021	31/3/2020
	EGP	EGP
Trade and other creditors	43,593,871	38,388,619
Due to related parties	85,586,038	80,650,648
Bank overdraft	43,609	3,397,801
	<b>129,223,518</b>	<b>122,437,068</b>

**30- Going concern**

The company achieved a net loss for the fiscal year ending on March 31,2021,an amount of EGP 6 049 567. Thus,the accumulated losses on the same date amounted to EGP 75 609 187,exceeding half of the Paid in capital according to the company's last annual financial statements,amounting to EGP 7 236 479. Most of the company's liabilities are concentrated in the amounte due to the parent company,which at the date of the balance sheet amounted to EGP 56 681 710. The company's management relies on its continued practice of the activity on the support of the parent company. According to the Companies Law No. 159 of 1981,its implementing regulations,and the articles of association of the company,the company's management must invite the extraordinary general assembly to consider the liquidation or continuity of the company.

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

**31- Significant accounting policies**

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

**31-1 Foreign Currency****Foreign Currency Transaction**

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

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

Foreign currency differences are generally recognized in profit or loss.

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March,2021

**31-2 Revenue**

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

Revenues from interest on bank deposits are recognized on accrual basis.

**31-3 Employees Benefits**

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

**31-4 Finance income and finance costs**

The company's finance income and finance costs include:

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

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

**31-5 Income taxes**

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

**i. Current income tax**

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March,2021

### ii. Deferred tax

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

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

Deferred tax assets are recognized for unused tax losses,unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

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

### 31-6 Inventories

Inventories are valued at the lower of cost or net realizable value,also the cost of inventory includes expenditure incurred in acquiring the inventories and bringing it to its existing location and condition on the following basis:

- Inventories of raw materials and packing materials using weighted average method.
- Inventories of finished products at manufacturing cost.

Net realizable value is determined based on the expected selling price during the normal course of business less any cost to complete the selling process.

### 31-7 Fixed assets and depreciation

#### 1- Recognition and measurement

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

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

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

#### 2- Subsequent expenditure

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

#### 3- Depreciation

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March,2021

<b>Asset</b>	<b>Periods</b>
Building and constructions	20
Machinery and equipment	8
Tools and equipment	4
Office furniture	4
Computer & software	3
Lab equipment	4
Office equipment	2
Motor Vehicles	5

**4- Construction contracts in progress**

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

**31-8 Intangible assets****Computer Software Licenses**

Computer software licenses are stated at cost of acquisition, and it is represented in the balance sheet less the accumulated depreciation and any impairment in value, and it is amortized on a straight-line method over two years.

**31-9 Rights of use Assets**

Rights of use assets that are represented at the present value of operating lease liabilities and shown in the balance sheet and deducted from it the accumulated amortization and any impairment in their value, and it is amortized using the straight-line method over the number of years of the contract.

**31-10 Financial Instruments**

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March,2021

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

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

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

**Held-to-maturity financial assets**

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

**Loans and receivables**

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

**Available-for-sale financial assets**

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

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

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

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

**4) Derivative financial instruments and hedge accounting**

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

**Cash flow hedges**

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March,2021

**31-11 Share capital****Ordinary shares**

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

**31-12 Impairment****1) Non-derivative financial assets**

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

**Financial assets measured at amortized cost**

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

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

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

**Available-for-sale financial assets**

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value,less any impairment loss previously recognized in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2021

and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

**Equity-accounted investees**

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

**2) Non-financial assets**

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

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

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

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

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

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

**31-13 Lease Liability**

The Leased asset recognized as company asset and Liability which represents the current lease liability not paid.

**31-14 Provisions**

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

**31-15 Legal reserve**

As per the Company's statutes, 5% of the annual net profit is set aside to form a legal reserve; the transfer to such reserve ceases once it reaches 50% of the Company's issued share capital. If the reserve falls below 50%, the Company should resume setting aside 5% of its annual net profit. The reserve can be utilized in covering losses or increasing the Company's share capital.

**31-16 Receivables, due from related parties, debtors and debit balances**

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



**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March,2021

**31-17 Cash and cash equivalents**

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

**31-18 Payables,due to related parties ,creditors and credit balances**

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

**31-19 Cash flow statement**

Cash flow statement is prepared according to the indirect method.

**31-20 Cash dividends**

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

**32- Comparative figures**

The comparative figures for the income statement have been amended to comply with the classification of financial statements for the fiscal year ending on March 31,2020.

**32-1 Balance sheet**

	Before Adjustments	After Adjustments
Trade and other credit balances	37,100,861	38,388,619
Provisions	7,744,166	6,456,408

**33- Significant events**

The impact of the recent outbreak of the virus (Covid-19) on the global economy and markets continues. And its negative impact on several aspects,including supplies,workforce,operations and the demand for our products and the liquidity available to the company. Accordingly,the company's management has formed a working group to develop and implement contingency plans to meet these exceptional circumstances. And we are currently closely monitoring and evaluating all developments related to the spread of the emerging virus. As all necessary procedures will be taken to keep our operations up and running. and,most importantly to protect our employees,suppliers,customers of the company and all stakeholders associated with the company.

According to our current knowledge and available information,we do not expect the emerging (Covid-19) virus to have an impact on the company's ability to continue for the foreseeable future

**34- Cash flow statements**

The following transactions were eliminated when preparing the cash flow statement as these transactions are considered non-cash transactions:

EGP	Change Value	Non cash Transaction	As per cash flow
	EGP	EGP	EGP
Operating lease	5,911,453	(7,880,535)	(1,969,082)
Trade and other payables	5,205,252	(7,805,260)	(2,600,008)

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

On March 18,2019,the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. 110 of 2015, which include some new accounting standards as well as introducing amendments to certain existing standards, and on September 20,2019 the prime ministers decision no. 1871 of 2020 was issued to postpone the application of the following accounting standards:

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March,2021

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March,2021

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

## PARACHUTE KALPAVRIKSHA FOUNDATION (PKF)

**BOARD OF DIRECTORS**  
**(AS ON MARCH 31, 2021)**

Mr. Saugata Gupta  
Mr. Jitendra Mahajan  
Mr. Udayraj Prabhu

**REGISTERED OFFICE**

7<sup>th</sup> Floor, Grande Palladium,  
175, CST Road, Kalina,  
Santa Cruz (East), Mumbai 400 098

**AUDITORS**

V. P. Raju & Associates

**BANKERS**

Standard Chartered Bank

## INDEPENDENT AUDITOR'S REPORT

To

**The Members,**

**M/s. PARACHUTE KALPAVRIKSHA FOUNDATION**

### **REPORT ON AUDIT OF FINANCIAL STATEMENTS**

We have audited the financial statements **M/s PARACHUTE KALPAVRIKSHA FOUNDATION** ("the Company"), which comprise the Balance sheet as at 31st March 2021, the statement of Income and Expenditure and statement of cash flows for the year then ended 31st March 2021, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information .

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, Income and Expenditure and its cash flows for the year ended on that date.

### **Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Key Audit Matters**

Being a section 8 company and not fulfilling the criteria prescribed, key audit matters, (if any), are not been highlighted.

### **Responsibility of Management for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design,

## INDEPENDENT AUDITOR'S REPORT

implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

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

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

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

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

## INDEPENDENT AUDITOR'S REPORT

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

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in

- (i) planning the scope of our audit work and in evaluating the results of our work; and
- (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

### Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, is not applicable as none of the conditions are satisfied

As required by Section 143(3) of the Act, we report that:

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- (a) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (b) The Balance Sheet, the Statement of Income and Expenditure, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (c) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (d) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- (e) The company has an internal financial control system in place. Such financial control system is adequate in the context of the size of the company and the nature of industry and such control is operating effectively;

## INDEPENDENT AUDITOR'S REPORT

- (f) The requirement under section 197(16) is not applicable, being a section 8 company; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **V P RAJU AND ACCOIATES**

**Chartered Accountants**

**(FRN : 015701S)**

Place : Coimbatore

Date : 21.05.2021

UDIN: 21224604AAAAIJ2706

**V P Raju**

**Proprietor**

**Membership No. 224604**



# PARACHUTE KALPAVRIKSHA FOUNDATION (PKF)

## BALANCE SHEET

As at 31 March, 2021

Particulars	Notes No.	As at March 31,	
		2021	2020
		₹	₹
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
Share Capital		-	-
Reserves and Surplus	1	(1,064,684)	170,860
<b>2 Non-current liabilities</b>		-	-
		<b>(1,064,684)</b>	<b>170,860</b>
<b>3 Current Liabilities</b>			
Due to Others	2	88,143	30,000
Other Current Liabilities	3	12,552,202	2,965,690
		<b>12,640,345</b>	<b>2,995,690</b>
<b>TOTAL</b>		<b>11,575,661</b>	<b>3,166,550</b>
<b>II ASSETS</b>			
<b>1 Non-current assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	4	559,418	628,978
		<b>559,418</b>	<b>628,978</b>
<b>2 Current assets</b>			
Cash and Cash Equivalents	5	10,320,884	2,200,235
Other Current Assets	6	695,359	337,336
		<b>11,016,243</b>	<b>2,537,571</b>
<b>Total</b>		<b>11,575,661</b>	<b>3,166,550</b>

See accompanying notes to the financial statements

As per Our report of even date attached

For and on behalf of the Board of Directors

**PARACHUTE KALPAVRIKSHA FOUNDATION**

**For V P RAJU AND ASSOCIATES**

Chartered Accountants

(FRN : 015701S)

V P Raju

Proprietor

Memb. No. 224604

Place: Coimbatore

Date: 21.05.2021

UDIN: 21224604AAAAIJ2706

**Jitendra Ananda Mahajan**

Director

DIN.02602356

**Udayraj Vijay Prabhu**

Director

DIN.08315364

PARACHUTE KALPAVRIKSHA FOUNDATION (PKF)

**INCOME AND EXPENDITURE STATEMENT**

For the year ended 31 March, 2021

Particulars	Note No.	For the year ended March 31	
		2021	2020
		₹	₹
<b>I INCOME</b>			
Other Income	7	61,675,354	29,984,512
<b>TOTAL REVENUE</b>		<b>61,675,354</b>	<b>29,984,512</b>
<b>II EXPENSES/APPLICATION OF INCOME</b>			
Depreciation and Amortization Expenses	4	69,560	66,082
Project Expenses	8	62,076,693	29,405,511
Other Expenses	9	764,645	1,019,160
<b>TOTAL EXPENSES</b>		<b>62,910,898</b>	<b>30,490,753</b>
<b>Net Income/Transferred to Reserve</b>		<b>(1,235,544)</b>	<b>(506,240)</b>
<b>IV</b> Company is seeking exemption under income tax hence no tax provision		-	-
<b>V</b> Net Income/Transferred to Reserve		<b>(1,235,544)</b>	<b>(506,240)</b>
<b>VI</b> Earnings per Equity Share		Not Applicable	Not Applicable

See accompanying notes to the financial statements

As per Our report of even date attached

For and on behalf of the Board of Directors

**PARACHUTE KALPAVRIKSHA FOUNDATION**

For V P RAJU AND ASSOCIATES

Chartered Accountants

(FRN : 015701S)

V P Raju

Proprietor

Memb. No. 224604

Place: Coimbatore

Date: 21.05.2021

UDIN: 21224604AAAAIJ2706

Jitendra Ananda Mahajan

Director

DIN.02602356

Udayraj Vijay Prabhu

Director

DIN.08315364

PARACHUTE KALPAVRIKSHA FOUNDATION (PKF)

**STATEMENT OF CASH FLOWS**

For the year ended 31 March, 2021

Particulars	As at March 31,		As at March 31,	
	2021	2021	2020	2020
	Rs.	Rs.	Rs.	Rs.
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Excess of Expenditure over Income		(1,235,544)		(506,241)
Adjustments for:				
Depreciation	69,560		66,082	
		69,560		66,082
Operating profit before working capital changes		(1,165,984)		(440,158)
Adjustments for				
Increase/(Decrease) in Other Current Financial Liabilities	9,644,655		2,975,690	
(Increase)/Decrease in Other Current Assets	(358,023)		(337,336)	
		9,286,632		2,638,354
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		<b>8,120,648</b>		<b>2,198,195</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Fixed Assets		-		-
		<b>8,120,648</b>		<b>2,198,195</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Net increase in cash and cash equivalents-A-B+C		8,120,648		2,198,195
<b>Add:-Opening balance of cash and cash equivalents</b>		<b>2,200,235</b>		<b>2,040</b>
<b>Closing balance of cash and cash equivalents</b>		<b>10,320,883</b>		<b>2,200,235</b>

See accompanying notes to the financial statements

As per Our report of even date attached

For and on behalf of the Board of Directors

**PARACHUTE KALPAVRIKSHA FOUNDATION**

**For V P RAJU AND ASSOCIATES**

Chartered Accountants

(FRN : 015701S)

V P Raju

Proprietor

Memb. No. 224604

Place: Coimbatore

Date: 21.05.2021

UDIN: 21224604AAAAIJ2706

Jitendra Ananda Mahajan

Director

DIN.02602356

Udayraj Vijay Prabhu

Director

DIN.08315364

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2021

### 1 Reserves and Surplus

Particulars	As at March 31	
	2021	2020
	₹	₹
Opening Balance	170,860	677,101
Add: Surplus /(Deficit) of Income over Expenditure for the year	(1,235,544)	(506,241)
<b>Total</b>	<b>(1,064,684)</b>	<b>170,860</b>

### 2. Trade Payables

Particulars	As at March 31	
	2021	2020
	₹	₹
Due to Micro and Small Enterprises	-	-
Due to Others	88,143	30,000
<b>Total</b>	<b>88,143</b>	<b>30,000</b>

### 3 Other Current Liabilities

Particulars	As at March 31	
	2021	2020
	₹	₹
Other Payables	12,340,936	2,684,438
<b>Statutory Dues</b>		
TDS on Professional Charges	88,785	196,478
TDS Payable on Contractors	111,297	68,624
TDS on Rentals	6,123	10,548
GST - RCM Payable	5,061	5,602
<b>Total</b>	<b>12,552,202</b>	<b>2,965,690</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2021

**4 Fixed Assets**

Particulars	Gross Block		Depreciation		Net Block	
	Opening Balance	Additions during the year	Closing Balance	Opening Balance	Depreciation for the year	Closing Balance
	<b>1.4.2020</b>	<b>31.3.2021</b>	<b>1.4.2020</b>	<b>31.3.2021</b>	<b>31.3.2021</b>	<b>31.3.2020</b>
Power Tiller	367,136	-	367,136	35,165	36,714	331,971
Cultivator	35,000	-	35,000	3,352	3,500	31,648
Rotavator Shredder	293,468	-	293,468	28,109	29,347	265,359
<b>Total</b>	<b>695,604</b>	<b>-</b>	<b>695,604</b>	<b>66,626</b>	<b>69,560</b>	<b>628,978</b>

See accompanying notes to the financial statements

As per Our report of even date attached

For and on behalf of the Board of Directors

**PARACHUTE KALPAVRIKSHA FOUNDATION**

**For V P RAJU AND ASSOCIATES**

Chartered Accountants

(FRN : 015701S)

**V P Raju**

Proprietor

Mem. No. 224604

Place: Coimbatore

Date: 21.05.2021

UDIN: 21224604AAAAIJ2706

**Jitendra Ananda Mahajan**

Director

DIN.02602356

**Udayraj Vijay Prabhu**

Director

DIN.08315364

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2021

### 5 Cash and Cash Equivalents

Particulars	As at March 31	
	2021	2020
	₹	₹
Balances with Bank	10,320,884	2,200,235
<b>Total</b>	<b>10,320,884</b>	<b>2,200,235</b>

### 6 Other Current Assets

Particulars	As at March 31	
	2021	2020
	₹	₹
Other Advances	695,359	337,336
<b>Total</b>	<b>695,359</b>	<b>337,336</b>

### 7 Other income

Particulars	For the year ended March 31	
	2021	2020
	₹	₹
Donations Received	61,471,009	29,919,526
Interest Received	-	64,986
Other Misc Income	204,345	-
<b>Total</b>	<b>61,675,354</b>	<b>29,984,512</b>

### 8 Project Expenses

Particulars	For the year ended March 31	
	2021	2020
	₹	₹
Agri Extension	47,514,878	17,326,565
Water Conservation	11,630,245	4,556,143
Thanjavur relief work	-	3,032,418
Kalpavriksha knowledge center	290,000	1,802,728
Others (i.e. Agri Business center, workshops, etc.)	2,641,570	2,687,657
<b>Total</b>	<b>62,076,693</b>	<b>29,405,511</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2021

### 9 Other Expenses

Particulars	For the year ended March 31	
	2021	2020
	₹	₹
Power and Fuel	15,182	6,869
Rent for office building	365,782	316,242
Repairs & Maintenance Others	16,332	13,610
Internet Charges	-	7,721
Telephone Charges	-	1,035
Travelling & Conveyance	127,320	297,249
Professional Charges	30,504	276,970
Legal Charges for Others	-	45,675
<b>Auditors Remuneration</b>		
For Statutory Audit	30,000	30,000
L & B Inland	176,822	-
Fees For Company Laws	-	3,026
Round off	2	1
Foreign Exchange Loss	960	10,267
Mis. Interest	203	8,241
Bank Charges	1,537	2,254
	<b>764,645</b>	<b>1,019,160</b>

### 10 Related Party Transactions

During the year the Company has entered into following related party transactions:

Name of the Related Party	Nature of Relationship	Nature of Transaction	2020-21 ₹	2019-20 ₹
Marico Ltd	Holding Company	Donation received	<b>61,471,009</b>	29,919,526

### 11 Background:

**PARACHUTE KALPAVRIKSHA FOUNDATION(PKF)** is a wholly owned subsidiary of Marico Limited, incorporated in India, a not-for-profit institution, established in 2018, registered as a Section 8 company under the Companies Act 2013, to undertake, assist aid, support and promote development of Farmer community.

**PKF** works closely with Farmers, social organisations, social entrepreneurs to promote Farmer Community, environmental sustainability, ecological balance and conservation of natural resources by performing social activities including awareness campaigns, undertaking education for crop yield improvement and deployment of farm techniques, implementing best farm practices.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2021

### 12. Significant Accounting Policies

The financial statements have been prepared on accrual basis under the historical cost convention in accordance with the Generally Accepted Accounting Principles (Indian GAAP) and the Accounting Standards notified under the relevant provisions of the Companies Act, 2013. The financial statements are prescribed in the Indian rupees.

### 13. Uses of Estimates:

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

### 14. Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and which are subject to an insignificant risk of changes in value. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

### 15. Provisions

A provision is recognized when the company has present obligations as a result of past events and it is probable that an outflow of resources will be required to settle the obligations in respect of which a reliable estimate can be made. Provisions are not discounted at their present value and are determined based on the best estimate required to settle the obligation at the Balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

### 16. Cash Flow Statements

Cash Flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

### 17. Revenue Recognition

Donations received are accounted on the date of receipt. All donations received during the year are towards the objectives of the Company.

### 18. Income Tax

The Company is seeking exemption from Income Tax under section 12AA of the Income Tax Act, 1961

	Particular	(Amount in ₹)
19	Expenditure in Foreign Currency	26,51,675
20	Earning in Foreign Currency	NIL



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2021

- 21 Micro Small and Medium Enterprises Development Act 2006: Based on the intimations received from the Suppliers regarding their status under the MSMED Act 2006, the following information is furnished. Payment to MSME suppliers is as per the terms of purchase.

**Principal amount and interest due thereon remaining unpaid :**

Principal amount and the interest due thereon remaining unpaid as at the end of accounting year. NIL

Amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of payment made to the supplier beyond the appointed day during each accounting year.

Amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED ACT, 2006 not paid). NIL

Amount of interest accrued and remaining unpaid at the end of accounting year. NIL

Amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of dis allowance as a deductible expenditure u/s 23. NIL

- 22 Transaction with related parties (Related parties as identified by the management)

(a) Key Management Personnel	Saugata Gupta	Director
	Jitendra Ananda Mahajan	Director
	Udayraj Vijay Prabhu	Director

(b) Relatives of Key Management Personnel NIL

Particulars	₹
Total	NIL
Outstanding payable	NIL
Outstanding receivable	NIL

- 23 Previous year figures has been regrouped wherever necessary.

See accompanying notes to the financial statements

As per Our report of even date attached

For and on behalf of the Board of Directors

**PARACHUTE KALPAVRIKSHA FOUNDATION**

**For V P RAJU AND ASSOCIATES**

Chartered Accountants

(FRN : 015701S)

V P Raju

Proprietor

Memb. No. 224604

Place: Coimbatore

Date: 21.05.2021

UDIN: 21224604AAAAIJ2706

Jitendra Ananda Mahajan

Director

DIN.02602356

Udayraj Vijay Prabhu

Director

DIN.08315364

## MARICO LANKA (PRIVATE) LIMITED

**BOARD OF DIRECTORS**  
**(AS ON MARCH 31, 2021)**

Mr. Jitendra Mahajan  
Mr. Manav Sahni  
Mr. Gaurav Sarda  
Mr. Weerasekara Mudiyansele Jayantha Weerasekara

**REGISTERED OFFICE**

36-3/1, Haig Road,  
Bambalapitiya,  
Colombo – 04,  
Sri Lanka

**AUDITORS**

SJMS Associates

**BANKERS**

Standard Chartered Bank

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MARICO LANKA (PVT) LTD**

### **Opinion**

We have audited the financial statements of Marico Lanka (Pvt) Ltd ("the Company") which comprise the statement of financial position as at 31st March 2021, and the statement of Profit or Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st March 2021, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### **Basis for Opinion**

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial statements section of our report. We are independent of the fund in accordance with the ethical requirements of the Code of Ethics issued by CA Sri Lanka (Code of Ethics) that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other Information**

Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. At the date of this auditor's report, other information was not made available to us.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate

## MARICO LANKA (PRIVATE) LIMITED

to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

As required by Section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as it appears from our examination, proper accounting records have been kept by the Company.

### **SJMS ASSOCIATES**

Chartered Accountants

Colombo

7 May 2021

**STATEMENT OF FINANCIAL POSITION**

AS AT 31 MARCH, 2021

Particulars	Note	2021 RS	2020 RS
<b>ASSETS</b>			
<b>Current assets</b>			
Security deposit		300,000	300,000
Inventories	10	18,975,726	11,561,945
Trade receivables	11	24,078,362	33,357,733
Cash & cash equivalents	12	-	13,521,841
<b>Total current assets</b>		<b>43,354,088</b>	<b>58,741,519</b>
<b>Total assets</b>		<b>43,354,088</b>	<b>58,741,519</b>
<b>EQUITY AND LIABILITIES</b>			
Capital and reserves			
Stated capital	13	24,942,526	24,942,526
Reserves & surplus		(125,143,768)	(39,135,610)
		<b>(100,201,242)</b>	<b>(14,193,084)</b>
<b>Current liabilities</b>			
Trade payables	14	38,855,577	17,661,007
Amounts due to related parties	15	27,972,655	54,873,594
Bank overdrafts	16	66,161,352	-
Other payables and provisions	17	10,565,746	400,002
<b>Total liabilities</b>		<b>143,555,329</b>	<b>72,934,603</b>
<b>Total equity and liabilities</b>		<b>43,354,088</b>	<b>58,741,519</b>

I certify that these financial statements comply with the requirements of the Companies Act No. 07 of 2007.

\_\_\_\_\_  
Finance manager

The board of directors is responsible for the presentation and preparation of these financial statements.

Signed for and on behalf of the Board of directors by the following on 30 April, 2021.

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

The accounting policies and notes from 01 to 21 form an integral part of these financial statements.

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**STATEMENT OF PROFIT OR LOSS**

FOR THE YEAR ENDED 31 MARCH 2021

Particulars	Note	2020/2021	For the period from 3 March 2019 to 31 March 2020
		RS	RS
Revenue	3	68,097,932	28,571,927
Cost of sales	4	(59,689,456)	(29,879,989)
<b>Gross profit</b>		<b>8,408,477</b>	<b>(1,308,062)</b>
Other income	5	-	3,318,732
Administration expenses	6	(10,092,745)	(5,699,065)
Selling & distribution expenses	7	(81,341,261)	(35,353,575)
Finance and other expenses	8	(2,982,628)	(93,640)
<b>Profit/ (Loss) before taxation</b>		<b>(86,008,157)</b>	<b>(39,135,610)</b>
Income tax expense	9	-	-
<b>Profit/ (Loss) for the year</b>		<b>(86,008,157)</b>	<b>(39,135,610)</b>

Figures in brackets indicate deductions.

The accounting policies and notes from 1 to 21 form an integral part of these financial statements.

MARICO LANKA (PRIVATE) LIMITED

**STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED 31 MARCH 2021

Particulars	Stated Capital	Accumulated	Total Equity
	RS	Loss RS	RS
<b>Balance as at 3 March 2019</b>	-	-	-
Share issue during the period	24,942,526	-	24,942,526
Loss for the period	-	(39,135,610)	(39,135,610)
<b>Balance as at 31 March 2020</b>	<b>24,942,526</b>	<b>(39,135,610)</b>	<b>(14,193,084)</b>
Loss for the period	-	(86,008,157)	(86,008,157)
<b>Balance as at 31 March 2021</b>	<b>24,942,526</b>	<b>(125,143,768)</b>	<b>(100,201,242)</b>

Figures in brackets indicate deductions.

The accounting policies and notes from 1 to 21 form an integral part of these financial statements.

**STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 31 MARCH 2021

Particulars	2020/2021	For the period from 3 March 2019 to 31 March 2020
	RS	RS
<b>Cash flows from operating activities</b>		
Net profit before taxation for the period	(86,008,157)	(39,135,610)
<b>Adjustments for :</b>		
Provisions	10,057,000	-
<b>Operating profit / (loss) before working capital changes</b>	<b>(75,951,157)</b>	<b>(39,135,610)</b>
<b>Changes in working capital</b>		
Increase / (decrease) in Inventories	(7,413,782)	(11,561,945)
Increase / (decrease) in trade and other receivables	9,279,372	(33,357,733)
Increase / (decrease) in trade payables	21,194,570	17,661,007
Increase / (decrease) in other payables	108,743	400,002
Increase / (decrease) in amounts due to related parties	(26,900,939)	54,873,594
<b>Cash (used in)/ generated from operations</b>	<b>(79,683,193)</b>	<b>(11,120,685)</b>
Tax paid	-	-
<b>Net cash (used in) / generated from operating activities</b>	<b>(79,683,193)</b>	<b>(11,120,685)</b>
<b>Cash flows from investing activities</b>		
Proceeds from share issue	-	24,942,526
<b>Net cash flows used in investing activities</b>	<b>-</b>	<b>24,942,526</b>
<b>Cash flows from financing activities</b>		
Security deposit paid	-	(300,000)
Overdraft facility	66,161,352	-
<b>Net cash flows (used in) / from financing activities</b>	<b>66,161,352</b>	<b>(300,000)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(13,521,841)</b>	<b>13,521,841</b>
Cash and cash equivalents, at the beginning of the year	13,521,841	-
Cash and cash equivalents, at the end of the year	-	<b>13,521,841</b>
<b>Cash and cash equivalents at the end of the year comprise:</b>		
Cash at bank	-	13,521,841
	-	<b>13,521,841</b>

The accounting policies and notes from 1 to 21 form an integral part of these financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

### 1. General information

Marico Lanka (Pvt) Ltd is a Private limited company incorporated in Sri Lanka on 3rd March 2019 under the Companies Act. No 07 of 2007.

The registered office of the company is located at 36 -3/1, Haig Road, Colombo 4.

#### 1.2. Principal activities & nature of operations

The company is carrying on the business of manufacturing and distribution of Consumer Goods on a wholesale basis, within the permitted legal framework of Sri Lanka.

#### 1.3. Date of authorization for issue

The financial statements were authorized for issue by the Board of Directors on 30 April 2021.

### 2. Basis of preparation

#### 2.1 Statement of compliance

These financial statements have been prepared on a going concern basis and in compliance with Sri Lanka Accounting Standards (SLFRS and LKAS) issued by The Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No.07 of 2007. All values appearing in the financial statement are presented in Sri Lankan Rupees (Rs.). The accounting policies are applied by the Company are consistent with those used in the previous year. Previous year's figures and phrases are rearranged wherever necessary to conform to the current year's presentation.

#### 2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise stated in the financial statements.

#### 2.3 Functional and presentation currency

The financial statements are presented in Sri Lankan Rupees, which is the company's functional currency and presentation currency. All financial information presented in Sri Lanka Rupees is rounded to the nearest rupee unless otherwise stated.

#### 2.4 Summary of significant accounting policies

##### 2.4.1 Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue from sale of goods is recognized when the goods are delivered and the title has been passed to the buyer. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts, sales returns and sales taxes. Other income is recognized on an accrual basis.

##### 2.4.2 Expenditure recognition

Expenses are recognized in the statement of comprehensive income on an accrual basis. All expenditure incurred in the running of the business.

##### 2.4.3 Inventory

Inventories are valued at lower of cost and net realizable value. Cost includes all applicable expenses incurred in bringing the goods till their first location in the company and is determined on weighted average basis (WAC). Inventories are stated net of write down or allowance for damaged or defective items, if any.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2021

**2.4.4 Cash and cash equivalents**

Cash and cash equivalents comprise balances with banks. The cash flow statement has been prepared using the indirect method.

**2.4.5 Taxation****Current taxes**

Current income tax is based on the elements of income and expenditure as reported in the financial statements but is computed in accordance with provisions of Inland Revenue Act No. 24 of 2017 and its subsequent amendments. The company is liable for income tax at 14%.

**2.4.6 Stated capital**

Ordinary shares are classified as equity.

**2.4.7 Liabilities and provisions**

All known liabilities as at the reporting date have been included in the financial statements and adequate provisions are recognized when the company has a present obligation as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

**2.4.8 Use of estimates and judgments**

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

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

**3 Revenue**

Particulars	2020/2021	For the period from 3 March 2019 to 31 March 2020
	RS	RS
Revenue from manufacturing activities	17,468,582	24,195,965
Revenue from trading activities	50,629,350	4,375,962
	<b>68,097,932</b>	<b>28,571,927</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 4 Cost of sales

Particulars	Note	2020/2021	For the period from 3 March 2019 to 31 March 2020
		RS	RS
Cost of Raw Material Consumed	4.1	5,264,307	2,077,367
Cost of Packing Material Consumed	4.2	4,363,949	859,319
		<b>9,628,255</b>	<b>2,936,686</b>
Cost of finished goods sold	4.3	42,123,974	11,135,437
		51,752,230	14,072,124
Freight forwarding and distribution charges		4,855,386	14,966,545
Processing and other manufacturing cost		3,081,840	841,320
		<b>59,689,456</b>	<b>29,879,989</b>

## 4.1 Cost of raw materials consumed

Particulars	2020/2021	For the period from 3 March 2019 to 31 March 2020
	RS	RS
Opening balance	1,000,739	-
Purchases during the period	5,867,840	1,076,629
Closing balance	1,604,272	1,000,739
	<b>5,264,307</b>	<b>2,077,367</b>

## 4.2 Cost of packing materials

Particulars	2020/2021	For the period from 3 March 2019 to 31 March 2020
	RS	RS
Opening balance	340,764	-
Purchases during the period	5,210,191	518,555
Closing balance	1,187,007	340,764
	<b>4,363,949</b>	<b>859,319</b>

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2021

**4.3 Cost of finished goods sold**

Particulars	2020/2021	For the period from 3 March 2019 to 31 March 2020
	RS	₹ RS
Opening balance	10,220,442	-
Purchases during the period	48,087,980	914,995
Closing balance	16,184,448	10,220,442
	<b>42,123,974</b>	<b>11,135,437</b>

**5 Other income**

Particulars	2020/2021	For the period from 3 March 2019 to 31 March 2020
	RS	RS
Income written off	-	3,318,732
	-	<b>3,318,732</b>

**6 Administration expenses**

Particulars	2020/2021	For the period from 3 March 2019 to 31 March 2020
	RS	RS
Audit fee	356,400	192,500
Rent & storage charges	600,000	175,598
Electricity charges	10,000	25,598
Legal and professional charges	7,223,897	4,191,061
Taxes and duties	-	350,002
Royalty	1,702,448	714,306
Director's Remuneration	200,000	50,000
	<b>10,092,745</b>	<b>5,699,065</b>

**7. Selling & distribution expenses**

Particulars	2020/2021	For the period from 3 March 2019 to 31 March 2020
	RS	RS
Advertisements & sales promotions	73,930,757	26,398,662
Distribution expenses	7,410,504	8,954,913
	<b>81,341,261</b>	<b>35,353,575</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 8. Finance and other expenses

Particulars	2020/2021	For the period from 3 March 2019 to 31 March 2020
	RS	RS
OD interest charges	1,434,692	-
Bank charges	646,457	93,640
Exchange loss	901,479	-
	<b>2,982,628</b>	<b>93,640</b>

## 9 Income tax expense

Particulars	Note	2020/2021	For the period from 3 March 2019 to 31 March 2020
		RS	RS
<b>Income tax charge for the year</b>	9.1	-	-
Under/ (Over) provision of prior year taxes		-	-
Deferred tax expense for the year		-	-
<b>Income tax expense for the year</b>		-	-

## 9.1 Reconciliation between accounting profit and taxable profit/ (loss)

Particulars	2020/2021	For the period from 3 March 2019 to 31 March 2020
	RS	RS
Accounting profit before tax	(86,008,157)	(39,135,610)
Aggregate disallowed items	7,223,897	-
Adjusted taxable profit/ (loss)	(78,784,261)	(39,135,610)
Interest income	-	-
Total statutory income	(78,784,261)	(39,135,610)
Loss claimed	-	-
Taxable income	(78,784,261)	(39,135,610)
Income tax @ 14%	-	-

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 10 Inventories

Particulars	2020/2021	For the period from 3 March 2019 to 31 March 2020
	RS	RS
Raw material	1,604,272	1,000,739
Packing materials	1,187,007	340,764
Finished goods	190,305	26,909
	2,981,583	1,368,412
Goods in transit	15,994,143	10,193,533
	<b>18,975,726</b>	<b>11,561,945</b>

## 11 Trade receivables

Particulars	2020/2021	For the period from 3 March 2019 to 31 March 2020
	RS	RS
A. Bours & Co. Pvt Ltd	24,078,362	33,357,733
	<b>24,078,362</b>	<b>33,357,733</b>

## 12 Cash &amp; cash equivalents

Particulars	2020/2021	For the period from 3 March 2019 to 31 March 2020
	RS	RS
Standard Chartered Bank	-	13,521,841
	-	<b>13,521,841</b>

## 13 Stated capital

Particulars	2020/2021	For the period from 3 March 2019 to 31 March 2020
	RS	RS
Issued and fully paid ordinary shares of Rs. 10	24,942,526	24,942,526
	<b>24,942,526</b>	<b>24,942,526</b>

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2021

**14 Trade payables**

Particulars	2020/2021	For the period from 3 March 2019 to 31 March 2020
	RS	RS
Import clearance chargers	270,048	-
Custom clearing A/C	177,277	-
Other trade payable	38,408,253	17,661,007
	<b>38,855,577</b>	<b>17,661,007</b>

**15 Amounts due to related parties**

Particulars	2020/2021	For the period from 3 March 2019 to 31 March 2020
	RS	RS
Marico India	27,972,655	18,566,017
Marico Industries limited	-	36,307,577
	<b>27,972,655</b>	<b>54,873,594</b>

**16 Bank overdraft**

Particulars	2020/2021	For the period from 3 March 2019 to 31 March 2020
	RS	RS
Bank Overdraft Facility - Standard Chartered Bank	66,161,352	-
	<b>66,161,352</b>	-

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 17 Other payables and provisions

Particulars	Note	31.03.2021	31.03.2020
		RS	RS
Other payables	17.1	508,746	400,002
Provisions	17.2	10,057,000	-
		<b>10,565,746</b>	<b>400,002</b>

## 17.1 Other payables

Director's remuneration payable	50,000	50,000
Auditors remuneration payable	356,400	192,500
Statutory dues	102,346	157,502
	<b>508,746</b>	<b>400,002</b>

## 17.2 Provisions

Provision for SAP installation	4,057,000	-
Provision for Promotional expenses	6,000,000	-
	<b>10,057,000</b>	<b>-</b>

## 18 Related party disclosures

## 18.1. Transactions with related parties

## Identification of related parties

Related parties includes key management personnel defined as having authority and responsibility for planning directing and controlling the activities of the company.

During the year Mr. Jithendra Ananda, Mr. Manav Sahini, Mr. Gaurav Sarda and Mr. Jayantha Weerasekara were the Directors of the company.

Company's Name	Nature of the relationship	Nature of transaction	Transaction Value during the period	Outstanding balance as at 31.03.2021
			RS	RS
Marico Limited	Parent Company	Purchases	36,301,108	27,972,655
		Royalty expense	1,702,448	-
		Adv. and Promotion expenses	3,494,178	-
		Settlements	63,466,007	-

Marico India Limited has provided a corporate guarantee of 120Mn for the OD facility obtained by Marico Lanka (Pvt) Ltd during the period. (Note 16)



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2021

**18.2. Transactions with the key management personnel**

Key management personnel include members of the Board of Directors of the company and other employees having authority and responsibility for planning, directing and controlling the activities of the company.

Compensation to key management personnel during the period are as follows.

	2020/2021	2019/2020
	₹	₹
Short term employee benefits	200,000	50,000

**19. Capital commitment and contingent liabilities**

There were no material capital commitments and/ or contingent liabilities as at the end of the reporting period which require adjustments to disclosures in the financial statements.

**20. Events after the reporting period**

There were no significant contingent liabilities and capital commitments as at the financial position date that would require adjustments to or disclosures in the financial statements.

**21. Impact of COVID-19 on business**

During the year the world has been grappled by the COVID pandemic. However, the impact of the pandemic on the company's financials have been insignificant.

# ZED LIFESTYLE PRIVATE LIMITED (ZED)

## **BOARD OF DIRECTORS (AS ON MARCH 31, 2021)**

Mr. Sanjay Mishra  
Mr. Ketan Jain  
Mr. Ashutosh Valani (until June 30, 2020)  
Mr. Priyank Shah (until June 30, 2020)  
Mr. Sujot Malhotra (w.e.f. July 1, 2020)  
Mr. Jitendra Mahajan (w.e.f. August 21, 2020)  
Ms. Divya Seth (w.e.f. September 4, 2020)

## **REGISTERED OFFICE**

711, Shapath V, S.G. Road,  
Prahlad Nagar Ahmedabad, 380015

## **AUDITORS**

M/s Pipara & Co. LLP

## **BANKERS**

ICICI Bank Limited  
HDFC Bank Limited  
Kotak Mahindra Bank Limited

## INDEPENDENT AUDITORS' REPORT

To The Members

ZED LIFESTYLE PVT LTD

### 1 Opinion

We have audited the accompanying standalone financial statements of Zed Lifestyle Private Limited, which comprise the Balance Sheet as at March 31, 2021, 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.

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 Standards and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2021, and its profit and its cash flows for the year ended on that date.

### 2 Basis of Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

### Emphasis of Matter

We draw attention to following assertions in the financial statements, in respect of which our opinion is not qualified:

Sr. No	Particulars
1	As per previous accounting policy followed by the company, the packing materials in respect of finished goods lying with the company for the year ended 31.03.2020 was not included in the closing stock of the said year ending reported values. Bais management representations given to us, for the current reporting period, packing materials lying with the company on year end have been included as a part of the closing stock of finished goods. The value of such packing material as at 31st March, 2021 is Rs. 80,25,858 which was Rs. 46,98,816 for the year ended 31st March, 2020
2	As per Ind AS 115-Revenue from Contract with Customers, the revenue earned by the company is recorded as and when the final product is delivered to the customer unlike last year where the revenue was recognized on dispatch of goods.  Accordingly, at the year end there were certain amount of goods which were dispatched but not delivered to the customer. In respect of the same, the revenue was deferred as per the provision of Ind AS 115. The amount of revenue deferred was Rs 84,41,856 which shall be recorded as and when the performance obligations are fulfilled i.e. Goods are delivered to final customer.

## **Audit Report: FY. 20-21**

### **ZED LIFESTYLE PVT LTD**

#### **3 Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, Management's Statement etc. but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

#### **4 Management's Responsibility for the Standalone Financial Statements :**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the generally accepted accounting principles 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 judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **5 Auditor's Responsibility for the Audit of the Financial Statements :**

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

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

- a) Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

## ZED LIFESTYLE PRIVATE LIMITED (ZED)

- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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

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

### 7 Report on Other Legal and Regulatory Requirements :

- (i) 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, we give in the "Annexure A" a statement on the matters Specified in the Order.
- (ii) 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 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 standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) The Internal financial controls over financial reporting of the Company and the operating effectiveness of such controls are not applicable vide MCA Notification dated 13th June, 2017.

## ZED LIFESTYLE PRIVATE LIMITED (ZED)

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- I. The Company does not have any pending litigations which would impact its financial position.
  - II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - III. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

**For Pipara & Co LLP**

**Chartered Accountants**

(FRN 107929W/W100219)

**CA NAMAN PIPARA**

**Partner**

**M.No.140234**

**UDIN: 21140234AAAACQ9944**

Place : Ahmedabad

Date: April 29, 2021

## Annexure A' to the Independent Auditor's Report of ZED LIFESTYLE PRIVATE LIMITED

**Referred to in Independent Auditor's Report to the members of the Company on the Standalone financial Statements for the Year ended March 31, 2021 we report that :**

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Fixed Assets have been physically verified by the management in a phased manner designed to cover all the items over the period of three years, which in our opinion is reasonable having regard to size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the book records and the physical fixed assets have been noticed.
- c) According to Informations and Explanations given by Management and on the basis of examination of the records of the Company, there are no immovable properties in the name of the company
- 2) As explained to us, physical verification has been conducted at reasonable intervals by the management and the discrepancies noticed on physical verification of the inventory as compared to book records were not material having regard to the size of the company, and the same has been properly dealt with in the books of account.
- 3) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013, hence said clause of the order is not applicable to the company.
- 4) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- 5) The Company has not accepted any deposit from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) The maintenance of cost records has not been specified by the central government under section 148(1) of the Companies Act 2013.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of accounts, and records, the company has been generally regular in depositing undisputed statutory dues including Income Tax, Goods and Services Tax and any other material statutory dues with the appropriate authorities. According to Informations and explanations given by management, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2021 for a period of more than Six Months from the date on when they become payable.
- (b) According to the Informations and Explanations given by Management, there are no dues of Income tax, Goods and Services Tax or any other Statutory Dues outstanding on account of any dispute.
- 8) In our opinion and according to the informations and explanations given by Management, the company has not defaulted in repayment of dues of banks, financial institutions or from the government and has not issued any debentures.
- 9) Based upon the audit procedures performed and the informations and explanations given by the management, the company has not raised money by way of Initial Public Offer or 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.
- 10) Based upon the audit procedures performed and the informations explanations given by the management, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

## ZED LIFESTYLE PRIVATE LIMITED (ZED)

- 11) The Company is a Private Company and hence the provision of Section 197 of the Companies Act, 2013 do not apply to the Company.
- 12) “ The Company is not a Nidhi Company. Consequently, requirements of clause (xii) of paragraph 3 of the order are not applicable.
- 13) According to information and explanations given to us and on the basis of our examination of the books of accounts, and records, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- 15) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- 16) The company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the CARO 2016 is not applicable to the Company.

**For Pipara & Co LLP**

**Chartered Accountants**

(FRN 107929W/W100219)

**CA NAMAN PIPARA**

**Partner**

**M.No.140234**

**UDIN: 21140234AAAACQ9944**

Place : Ahmedabad

Date: April 29, 2021



## Balance Sheet

As at 31st March, 2021

Particulars	Notes	Amount in ₹	
		As at March 2021	2020
<b>ASSETS</b>			
<b>Non-current Assets</b>			
(a) Property, plant and equipment	3(a)	3,701,156	6,283,418
(b) Right to use Asset	3(b)	19,033,589	-
(c) Intangible assets	4	374,937	514,308
		<b>23,109,682</b>	<b>6,797,726</b>
(d) Financial Assets			
(i) Other financial assets	5	1,172,721	1,409,042
(e) Deferred tax assets (Net)	6	1,536,406	1,430,913
(f) Other non-current assets	7	20,000	20,000
<b>Total Non-current Assets</b>		<b>25,838,809</b>	<b>9,657,681</b>
<b>Current Assets</b>			
(a) Inventories	8	64,058,741	40,126,854
(b) Investment	9	-	-
(c) Financial assets			
(i) Trade receivables	10	92,982,997	78,110,534
(ii) Cash and cash equivalents	11	81,992,615	15,178,639
(iii) Bank balances other than (ii) above	12	10,000,000	49,281,968
(d) Current tax assets (Net)	13	352,131	1,130,921
(e) Other current assets	14	9,899,382	58,196,455
<b>Total Current Assets</b>		<b>259,285,866</b>	<b>242,025,372</b>
<b>Total Assets</b>		<b>285,124,675</b>	<b>251,683,053</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	15	125,340	125,340
(b) Other Equity	16	73,291,117	127,109,065
<b>Total Equity</b>		<b>73,416,457</b>	<b>127,234,405</b>
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	17(a)	-	571,274
(ii) Lease Liabilities		17,994,857	-
(iii) Other Financial Liabilities	17(b)	-	-
(b) Deferred tax liabilities (Net)	6	-	-
<b>Total Non-current Liabilities</b>		<b>17,994,857</b>	<b>571,274</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Trade payables	18	95,836,137	74,987,465
(ii) Lease Liabilities		3,035,497	-
(iii) Other Financial Liabilities	19	-	575,739
(b) Provisions	20	77,635,462	36,057,792
(c) Other current liabilities	21	17,206,266	12,256,379
<b>Total Current Liabilities</b>		<b>193,713,362</b>	<b>123,877,375</b>
<b>Total Liabilities</b>		<b>211,708,219</b>	<b>124,448,649</b>
<b>Total Equity and Liabilities</b>		<b>285,124,675</b>	<b>251,683,054</b>
<b>Significant Accounting Policies</b>	2		

The Notes are an integral part of these financial statements.  
As per our report of even date

For Pipara & Co LLP

Chartered Accountants

Firm's Registration No: 107929W/W100219

For and on behalf of the Board of Directors

**Naman Pipara**  
Partner  
Membership No. 140234  
UDIN: 21140234AAAACQ9944

**Sujot Malhotra**  
Director  
(DIN: 08777550)

**Sanjay Mishra**  
Director  
(DIN: 02631914)

Place: Ahmedabad  
Date : April 29, 2021

Place: Ahmedabad  
Date : April 29, 2021

Place : Mumbai  
Date : April 29, 2021

## STATEMENT OF PROFIT AND LOSS

For the year ended 31st March, 2021

Particulars	Notes	Amount in ₹	
		Year ended March 2021	2020
Revenue from Operations	22	638,356,147	795,671,706
Other income	23	3,719,033	6,863,149
<b>I Total Income</b>		<b>642,075,180</b>	<b>802,534,855</b>
<b>Expenses</b>			
Purchases	24	312,031,734	341,812,738
Changes in inventories of finished goods & stock-in-trade	25	(23,931,887)	(19,304,429)
Employee benefits expense	26	103,930,097	122,459,149
Finance costs	27	1,859,056	110,443
Depreciation and amortisation expense	3&4	5,949,519	4,157,124
Other expenses	28	293,921,484	317,680,548
<b>II Total expenses</b>		<b>693,760,003</b>	<b>766,915,572</b>
<b>III Profit before tax(I-II)</b>		<b>(51,684,822)</b>	<b>35,619,284</b>
Less: Tax expense			
(1) Current tax	29	-	(9,200,000)
(2) Deferred tax		105,493	634,837
(3) Tax in respect of earlier years		(1,347,911)	(36,073)
		<b>(1,242,418)</b>	<b>(8,601,236)</b>
<b>IV Profit for the period</b>		<b>(52,927,240)</b>	<b>27,018,048</b>
Prior Period Expenses			(4,228,435)
Other Comprehensive Income			
<b>[A]</b>			
(i) Items that will not be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
<b>[B]</b>			
(i) Items that will be reclassified to profit or loss (Revaluation of Current Investment)		-	(789,168)
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Comprehensive Income		(52,927,240)	22,000,445
<b>V Earnings per equity share (for continuing operation):</b>	30		
(1) Basic (in ₹)		(4,222.69)	1,804
(2) Diluted (in ₹)		-	-
<b>VI Significant Accounting Policies</b>	2		

The Notes are an integral part of these financial statements.  
As per our report of even date

For Pipara & Co LLP

Chartered Accountants

Firm's Registration No: 107929W/W100219

For and on behalf of the Board of Directors

Naman Pipara

Partner

Membership No. 140234

UDIN: 21140234AAAACQ9944

Sujot Malhotra

Director

(DIN: 08777550)

Sanjay Mishra

Director

(DIN: 02631914)

Place: Ahmedabad  
Date: April 29, 2021

Place: Ahmedabad  
Date: April 29, 2021

Place: Mumbai  
Date: April 29, 2021

## Cash Flow Statement

For the year ended 31st March, 2021

(Amounts in ₹)

Particulars	Year ended March	
	2021	2020
<b>Net Profit Before Ind As Adjustments</b>		
Profit for the year	(52,927,240)	22,000,445
<b>Adjustments for:</b>		
Depreciation/Amortization	5,949,519	4,149,703
Interest Income	(2,859,780)	(603,520)
Interest Paid	1,859,056	110,443
Lease Impact	(890,706)	-
<b>Operating Cash Flow before Working Capital Changes</b>	<b>(48,869,152)</b>	<b>25,657,071</b>
<b>Adjustment for (increase)/decrease in operating assets:</b>		
Inventories	(23,931,887)	(19,304,429)
Trade Receivables	(14,872,463)	(26,995,053)
Other Financial Assets	909,618	(1,376,206)
Other current assets	48,297,073	(48,248,917)
<b>Adjustment for (increase)/decrease in operating Liabilities:</b>		
Trade Payables	20,848,672	26,187,701
Other current Liabilities	46,527,555	17,948,460
Other Financial Liabilities	(575,739)	36,814
<b>Cash (Used in)/Generated from Operations</b>		
Income Tax Paid	-	-
<b>Net Cash(Used in)/Generated from Operating Activities (A)</b>	<b>28,333,677</b>	<b>(26,094,560)</b>
<b>Cash flows from investing activities</b>		
Interest received	2,859,780	603,520
Disposal/(Payments) for property, plant and equipment	285,983	(1,945,129)
Investment in Right to Use Asset	(22,392,458)	-
Payments for intangible assets	(155,000)	(450,000)
Investment in Liquid funds	-	53,789,169
<b>Net cash (used in)/generated by investing activities</b>	<b>(19,401,695)</b>	<b>51,997,560</b>

## Cash Flow Statement

For the year ended 31st March, 2021

(Amounts in ₹)

Particulars	Year ended March	
	2021	2020
<b>Cash flows from financing activities</b>		
Proceeds from issue of equity instruments of the Company	-	19,988,656
Repayment of borrowings	(571,274)	(575,739)
Proceeds of Lease liabilities	21,030,354	-
Interest paid	(1,859,056)	(110,443)
<b>Net cash used in financing activities</b>	<b>18,600,025</b>	<b>19,302,474</b>
Net increase in cash and cash equivalents	27,532,007	45,205,474
Cash and cash equivalents at the beginning of the year	64,460,608	19,255,134
<b>Cash and cash equivalents at the end of the year</b>	<b>91,992,615</b>	<b>64,460,608</b>
Cash and Cash Equivalent Comprise of: (Note-11 & 12)		
Cash on Hand	51,964	339,647
Balance with Banks	81,940,650	14,838,992
Other Bank Balance	10,000,000	49,281,968
	<b>91,992,615</b>	<b>64,460,607</b>

The Notes are an integral part of these financial statements.  
As per our report of even date

**For Pipara & Co LLP**  
**Chartered Accountants**  
Firm's Registration No: 107929W/W100219

**For and on behalf of the Board of Directors**

**Naman Pipara**  
**Partner**  
**Membership No. 140234**  
**UDIN: 21140234AAAACQ9944**

**Sujot Malhotra**  
**Director**  
**(DIN: 08777550)**

**Sanjay Mishra**  
**Director**  
**(DIN: 02631914)**

Place: Ahmedabad  
Date : April 29, 2021

Place: Ahmedabad  
Date : April 29, 2021

Place : Mumbai  
Date : April 29, 2021

**STATEMENT OF CHANGES IN EQUITY AS AT 31<sup>ST</sup> MARCH, 2021**

(Amounts in ₹)

Particulars	As at 31 March	
	2021	2020
<b>(A) EQUITY SHARE CAPITAL</b>		
Opening Balance of Equity Share Capital	125,340	120,700
Changes in equity share capital:		
Right issue of Shares	-	4,640
Closing Balance of Equity Share Capital	125,340	125,340

(Amounts in ₹)

Particulars	Reserves and Surplus		Total
	Retained Earnings	Security Premium	
<b>(B) OTHER EQUITY</b>			
Balance as at 31st March, 2020	22,771,781	104,337,284	127,109,065
Profit for the year	(52,927,240)	-	(52,927,240)
Less: Operating Lease Impact	(890,706)	-	(890,706)
<b>Balance as at 31st March, 2021</b>	<b>(31,046,166)</b>	<b>104,337,284</b>	<b>73,291,118</b>

The Notes are an integral part of these financial statements.

As per our report of even date

**For Pipara & Co LLP**

**For and on behalf of the Board of Directors**

**Chartered Accountants**

Firm's Registration No: 107929W/W100219

**Naman Pipara**

**Sujot Malhotra**

**Sanjay Mishra**

**Partner**

**Director**

**Director**

**Membership No. 140234**

**(DIN: 08777550)**

**(DIN: 02631914)**

**UDIN: 21140234AAAACQ9944**

Place: Ahmedabad

Place: Ahmedabad

Place : Mumbai

Date : April 29, 2021

Date : April 29, 2021

Date : April 29, 2021

## Notes to the financial statements

For the year ended 31 March, 2021

### 1 GENERAL INFORMATION

ZED LIFESTYLE PRIVATE LIMITED was incorporated on 25th May 2016 under Companies Act, 2013. The Company is dealing in men's grooming products.

Address of the registered office:

711, Shapath V S.G Road, Prahlad Nagar Ahmedabad, Gujarat; 380015

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### 2.01 Statement of Compliance:

These financial statements of the Company comprising of Balance Sheet, Statement of Profit and Loss, Statement of changes in Equity and Cash Flow Statement together with the notes have been prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 ("Ind AS") as amended by the Companies (Indian Accounting Standards) Rules, 2016, the Companies (Indian Accounting Standards) Rules, 2017 and other relevant provisions of the Companies Act, 2013.

#### 2.02 Basis of Preparation and Presentation:

The Financial Statements have been prepared on the historical cost basis except for certain financial instruments measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

The financial statements are presented in Indian currency (INR) which is the Company's functional and presentation currency.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III (Division II) to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current-non current classification of assets and liabilities.

#### 2.03 Revenue Recognition:

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for customer discounts, rebates granted, other similar allowances, sales taxes (up to the applicable date), Goods and Services Tax (GST) and duties collected on behalf of third parties.

- a) Revenue from sale of goods is recognised when the following conditions are satisfied.
  - i) Up to the previous year, the revenue recognition was made as and when the goods was dispatched from the warehouse of the company. However, during the current year the revenue model has been changed to recording the revenue as and when the product reaches the end customer to comply

## Notes to the financial statements

For the year ended 31 March, 2021

with the performance obligations, delivery being a key performance obligation. The effect of such change in policy has led to deferred revenue at year end for orders dispatched but not delivered of Rs 84,41,856.

- ii) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- iii) the amount of revenue can be measured reliably;
- iv) it is probable that the economic benefits associated with the transaction will flow to the Company;
- v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### 2.04 Other Income:

Interest income is recognised on the on accrual basis.

Further, the company is recognizing the interest income on notional basis to comply with the requirements of Indian Accounting Standards.

### 2.05 Property, Plant and Equipment:

Property, plant and equipment is stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognised as asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred.

Gains or Losses arising on retirement or disposal of property, plant and equipment are recognised in the Statement of Profit and Loss.

The management's estimate of useful lives are in accordance with Schedule II to the Companies Act, 2013 except for below mentioned assets. Depreciation is provided on pro-rata basis on the reducing balance method over the useful life of assets. The useful life, residual value and the depreciation method are reviewed at least at each financial year end and adjusted prospectively.

Asset Category	Useful Life (Years)
Air purifiers	3
Motor Vehicles	3
Motor Vehicles (Car)	5
Mobiles	2
Electronic Weighing Machine	3
Intangibles	
Tally Software	4
Website (Beardo.in)	4

The management believes that the useful life as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II to the Companies Act 2013. Depreciation for assets purchased/sold during a period is proportionately charged for the period of use.

Spares in the nature of capital spares/ insurance spares are added to the cost of the assets. The total cost of such spares is depreciated over a period not exceeding the useful life of the asset to which they relate.

## Notes to the financial statements

For the year ended 31 March, 2021

Transition to Ind AS:

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1st April, 2016 measured as per IGAAP as the deemed cost of the property, plant and equipment.

### 2.06 Intangible Assets:

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives. The amortisation period and amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Intangible assets are amortised on a reducing balance method over its useful life, not exceeding four years, as decided by the management.

Transition to Ind AS:

On transition to Ind AS, the Company has elected to continue with the carrying value of intangible assets recognised as at 1st April, 2016 measured as per IGAAP as the deemed cost of intangible assets.

### 2.07 Impairment of assets:

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) earlier.

### 2.08 Financial instruments:

#### 1. Initial recognition and measurement

Financial assets and/or financial liabilities are recognised when the Company becomes party to a contract embodying the related financial instruments. All financial assets, financial liabilities are initially measured at fair value. Transaction costs that are attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from as the case may be, the fair value of such assets or liabilities, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.



## Notes to the financial statements

For the year ended 31 March, 2021

### 2. Financial assets:

Classification and subsequent measurement of financial assets:

#### a) Classification of financial assets:

- (i) The Company classifies its financial assets in the following measurement categories:
  - those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
  - those measured at amortised cost.
- (ii) The classification is done depending upon the Company's business model for managing the financial assets and the contractual terms of the cash flows.

#### b) Subsequent Measurement

##### (i) Debt instruments:

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

##### (1) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### (2) Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are subsequently measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

##### (3) Financial assets at fair value through profit or loss (FVTPL)

Financial assets are subsequently measured at fair value through profit or loss unless it is measured at amortised cost or fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

##### (ii) Equity instruments:

The Company subsequently measures all equity investments at fair value. There are two measurement categories into which the Company classifies its equity instruments:

##### Investments in equity instruments at FVTPL:

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for equity instruments which are not held for trading.

## Notes to the financial statements

For the year ended 31 March, 2021

### Investments in equity instruments at FVTOCI:

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserve for 'equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to Statement of Profit and Loss on disposal of the investments.

### c) Impairment of financial assets:

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset. For trade receivables, the Company measures the loss allowance at an amount equal to lifetime expected credit losses. Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

### d) Derecognition of financial assets:

A financial asset is primarily derecognised when:

1. the right to receive cash flows from the asset has expired, or
2. the Company has transferred its rights to receive cash flows from the asset; and
  - (a) the Company has transferred substantially all the risks and rewards of the asset, or
  - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety (other than investments in equity instruments at FVOCI), the differences between the carrying amounts measured at the date of derecognition and the consideration received is recognised in the Statement of Profit and Loss.

## 3. Financial liabilities and equity instruments

### Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instrument is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

## Notes to the financial statements

For the year ended 31 March, 2021

### Financial Liabilities

Classification and subsequent measurement

The Company's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments. Subsequent measurement of financial liabilities depends on their classification as fair value through Profit and loss or at amortized cost. All changes in fair value of financial liabilities classified as FVTPL are recognized in the Statement of Profit and Loss. Amortised cost category is applicable to loans and borrowings, trade and other payables. After initial recognition the financial liabilities are measured at amortised cost using the Effective Interest Rate method.

### Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Gains and losses are recognized in profit and loss when the liabilities are derecognized.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and presented on net basis in the Balance Sheet when there is a currently enforceable legal right to offset the recognised amounts and there is an intention either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

### Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of profit and Loss immediately.

### 2.09 Inventories:

Inventories are stated at the lower of cost and net realisable value.

Cost of inventories comprise all costs of purchase (net of input credits) and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

### 2.10 Foreign currencies:

Items included in the financial statements of the Company are recorded using the currency of the primary economic environment (INR) in which the Company operates (the 'functional currency').

Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions, and from translation of monetary assets and liabilities at the reporting date exchange rates are recognised in the Statement of Profit and Loss.

### 2.11 Borrowing Costs:

- (a) Borrowing costs that are attributable to the acquisition, construction, or production of a qualifying asset are capitalised as a part of the cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time (generally over twelve months) to get ready for its intended use or sale.
- (b) All other borrowing costs are recognised as expense in the period in which they are incurred.

## Notes to the financial statements

For the year ended 31 March, 2021

### 2.12 Taxation:

Income Tax expense represents the sum of the tax currently payable and deferred tax.

#### Current tax

Current tax is measured at the amount of tax expected to be payable on the taxable income for the year.

#### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets including Minimum Alternate Tax (MAT) are generally recognised for all taxable temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head "capital gains" are recognised and carried forward to the extent of available taxable temporary differences or where there is convincing other evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Current and Deferred tax is recognised in Statement of Profit and Loss, except when it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### 2.13 Leases:

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgement. The company uses significant judgement in assessing the lease term and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the company is certain to exercise the option and periods covered by an option to terminate the lease if the company is reasonably not certain to exercise that option. In assessing whether the company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise or extend the lease or not to exercise the option to terminate the lease.

The discounting rate is generally based on the incremental borrowing rate specific to the lease being evaluated.

The Right to use Assets in respect of Leases is disclosed in Note 3(b) to Notes to Accounts & Leased Liabilities in respect of lease are mentioned on the Balance Sheet under Non-Current & Current Liabilities respectively.

### 2.14 Provisions, Contingent Liabilities and Contingent Assets:

**Provisions:** Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured using the cash flows estimated to settle the present obligation at the Balance sheet date.

## Notes to the financial statements

For the year ended 31 March, 2021

**Contingent Liabilities** : Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

**Contingent Assets** : Contingent assets are disclosed, where an inflow of economic benefits is probable.

### 2.15 Cash and cash equivalents:

Cash and Cash equivalents include cash, cash at bank and short term deposits with banks having original maturity of three months or less, which are subject to insignificant risk of changes in value.

### 2.16 Statement of Cash Flows:

Cash flows are reported using the indirect method whereby profit / (loss) is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

### 2.17 Dividend to equity shareholders:

Dividend to equity shareholders is recognised as a liability and deducted from shareholders' equity, in the period in which the dividends are approved by the equity shareholders in the general meeting.

### 2.18 Earnings per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

While calculating the weighted average number of shares in case of right issue during the year, theoretical ex-right value could not be obtained due to non-availability of fair market value of shares and hence the calculation is done accordingly.

### 2.19 Critical accounting judgments and key sources of estimation uncertainty:

The preparation of financial statements in conformity with Ind AS requires that the management of the Company makes judgments, estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The judgments, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to significant accounting estimates include useful lives and impairment of property, plant and equipment, allowance for doubtful debts/advances, deferred tax assets, allowances for inventories, etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

## Notes to the financial statements

For the year ended 31 March, 2021

### Note-3(a):-PROPERTY, PLANT AND EQUIPMENT

(Amounts in ₹)

Particulars	Building	Plant and Machinery	Furniture & Fittings	Office Equipments	Motor Vehicles	Total
<b>Deemed Cost:</b>						
<b>As at 31-03-2020</b>	<b>400,000</b>	<b>224,100</b>	<b>4,346,221</b>	<b>6,820,976</b>	<b>5,024,501</b>	<b>16,815,798</b>
Additions	-	-	88,605	421,652		510,257
Deletion	-	-	-	14,800	3,802,501	3,817,301
<b>As at 31-03-2021</b>	<b>400,000</b>	<b>224,100</b>	<b>4,434,826</b>	<b>7,227,828</b>	<b>1,222,000</b>	<b>13,508,754</b>
<b>Accumulated depreciation:</b>						
<b>As at 31-03-2020</b>	<b>306,699</b>	<b>24,130</b>	<b>2,015,900</b>	<b>4,693,052</b>	<b>3,492,600</b>	<b>10,532,381</b>
Additions	58,929	36,194	617,848	1,305,987	277,320	2,296,279
Deletion	-	-	-	10,076	3,010,985	3,021,061
<b>As at 31-03-2021</b>	<b>365,628</b>	<b>60,325</b>	<b>2,633,748</b>	<b>5,988,963</b>	<b>758,935</b>	<b>9,807,598</b>
<b>Net book value</b>						
	93,301	199,970	2,330,321	2,127,924	1,531,901	6,283,418
<b>As at 31-03-2021</b>	<b>34,372</b>	<b>163,775</b>	<b>1,801,078</b>	<b>1,238,865</b>	<b>463,066</b>	<b>3,701,156</b>

### Note-3(b):-RIGHT TO USE ASSET

(Amounts in ₹)

Particulars	Building	Total
<b>Deemed Cost:</b>		
<b>As at 31-03-2020</b>	-	-
Additions pertaining to 2019-20	12,629,146	12,629,146
Additions during the year 2020-21	9,763,312	9,763,312
Deletion	-	-
<b>As at 31-03-2021</b>	<b>22,392,458</b>	<b>22,392,458</b>
<b>Accumulated depreciation:</b>		
<b>As at 31-03-2020</b>	-	-
Additions	3,358,869	3,358,869
Deletion	-	-
<b>As at 31-03-2021</b>	<b>3,358,869</b>	<b>3,358,869</b>
<b>Net book value</b>		
As at 31-03-2020	-	-
<b>As at 31-03-2021</b>	<b>19,033,589</b>	<b>19,033,589</b>

## Notes to the financial statements

For the year ended 31 March, 2021

### NOTE-4: Intangible Assets

(Amounts in ₹)

Particulars	Application Software	Trademarks and licenses	Total
<b>Cost:</b>			
<b>As at 31-03-2020</b>	<b>1,425,785</b>	<b>869,477</b>	<b>2,295,262</b>
Additions	-	155,000	155,000
Deletions	-	-	-
<b>As at 31-03-2021</b>	<b>1,425,785</b>	<b>1,024,477</b>	<b>2,450,262</b>
<b>Accumulated amortization:</b>			
<b>As at 31-03-2020</b>	<b>1,013,771</b>	<b>767,183</b>	<b>1,780,954</b>
Additions	217,173	77,198	294,371
Deletions	-	-	-
	<b>1,230,944</b>	<b>844,382</b>	<b>2,075,325</b>
<b>Net book value</b>			
As at 31-03-2020	412,014	102,294	514,308
<b>As at 31-03-2021</b>	<b>194,841</b>	<b>180,096</b>	<b>374,937</b>

Particulars	Application Software	Trademarks and licenses	Total
<b>Cost:</b>			
<b>As at 31-03-2019</b>	<b>975,785</b>	<b>869,477</b>	<b>1,845,262</b>
Additions	450,000	-	450,000
Deletions	-	-	-
<b>As at 31-03-2020</b>	<b>1,425,785</b>	<b>869,477</b>	<b>2,295,262</b>
<b>Accumulated amortization:</b>			
<b>As at 31-03-2019</b>	<b>544,134</b>	<b>787,242</b>	<b>1,331,375</b>
Additions	335,560	114,019	449,579
Deletions	(134,077)	134,077	-
	<b>1,013,771</b>	<b>767,183</b>	<b>1,780,954</b>
<b>Net book value</b>			
As at 31-03-2020	431,651	82,236	513,887
<b>As at 31-03-2021</b>	<b>412,014</b>	<b>102,294</b>	<b>514,308</b>

### 5. Other financial assets

Particulars	As at March 31,	
	2021	2020
Security Deposits	1,172,721	1,409,042
<b>Total</b>	<b>1,172,721</b>	<b>1,409,042</b>

## Notes to the financial statements

For the year ended 31 March, 2021

### 6. Deferred tax assets (Net) (Amounts in ₹)

The following is the analysis of deferred tax assets/(liabilities) presented in the balance sheet:

Particulars	As at March 31,	
	2021	2020
<b>As at beginning of the year</b>	1,430,913	796,075
<u>Deferred tax assets</u>		
On account of fixed assets	105,493	429,654
<u>Deferred tax liabilities</u>		
On account of fixed assets	-	-
On account of Other Comprehensive Income	-	205,184
<b>Total</b>	<b>1,536,406</b>	<b>1,430,913</b>

### 7. Other Non Current Assets (Amounts in ₹)

Particulars	As at March 31,	
	2021	2020
Balance with Govt authority	20,000	20,000
<b>Total</b>	<b>20,000</b>	<b>20,000</b>

### 8. Inventories (Amounts in ₹)

Particulars	As at March 31,	
	2021	2020
Packing Materials	16,248,762	23,073,431
Finished Goods	47,809,979	17,053,423
<b>Total</b>	<b>64,058,741</b>	<b>40,126,854</b>

### 9. Current Investment (Amounts in ₹)

Particulars	As at March 31,	
	2021	2020
<b>Total</b>	<b>-</b>	<b>-</b>

### 10. Trade receivables (Amounts in ₹)

Particulars	As at March 31,	
	2021	2020
<b>Unsecured, considered good</b>		
- Trade receivables outstanding for a period exceeding six months from the date they were due for payment	966,369	698,976
- Others	92,016,628	77,411,558
<b>Total</b>	<b>92,982,997</b>	<b>78,110,534</b>



## Notes to the financial statements

For the year ended 31 March, 2021

### 11. Cash and cash equivalents (Amounts in ₹)

Particulars	As at March 31,	
	2021	2020
<b>Balances with Banks</b>		
- In Current Accounts	70,940,650	14,838,992
Cash on hand	51,964	339,647
Deposits with original maturity of less than three months	11,000,000	-
<b>Total</b>	<b>81,992,615</b>	<b>15,178,639</b>

### 12. Bank balances other than (ii) above (Amounts in ₹)

Particulars	As at March 31,	
	2021	2020
Deposits with Banks with original maturity period more than 3 months but less than 12 months	10,000,000	49,281,968
<b>Total</b>	<b>10,000,000</b>	<b>49,281,968</b>

### 13. Current tax assets (Net) (Amounts in ₹)

Particulars	As at March 31,	
	2021	2020
Advance payments of tax	352,131	1,130,921
<b>Total</b>	<b>352,131</b>	<b>1,130,921</b>

### 14. Other current assets (Amounts in ₹)

Particulars	As at March 31,	
	2021	2020
Advance to Creditors	3,498,826	5,558,806
Advance to Employees	2,516,195	51,048,750
Prepaid Expenses	3,699,662	1,481,020
Interest Receivable	184,699	107,879
<b>Total</b>	<b>9,899,382</b>	<b>58,196,455</b>

### 15. Equity Share Capital (Amounts in ₹)

Particulars	As at March 31,	
	2021	2020
<b>"Authorised Share capital :</b>		
50,000 (Previous year 50,000) fully paid equity shares of Rs.10 each"	500,000	500,000
<b>Issued and subscribed capital comprises:</b>		
12,534 Fully paid equity Shares of Rs. 10 Each (as at March 31, 2020,12,534)	125,340	125,340
(as at March 31, 2019: 12070)		
<b>Total</b>	<b>125,340</b>	<b>125,340</b>

## Notes to the financial statements

For the year ended 31 March, 2021

### 15.1 Fully paid equity shares

(Amounts in ₹)

Particulars	As at March 31	
	2021	2020
Balance at March 31, 2020	12,534	12,070
Addition during the year	-	464
<b>Balance at March 31, 2021</b>	<b>12,534</b>	<b>12,534</b>

Fully paid equity shares, which have a par value of Rs.10, carry one vote per share and carry a right to dividends.

### 15.2 Details of shares held by each shareholder holding more than 5% shares

(Amounts in ₹)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares held	% holding in the class of shares	Number of shares held	% holding in the class of shares
<b>Fully paid equity shares</b>				
Ashutosh Valani	-	-	2726	22.58%
Priyank Shah	-	-	2725	22.58%
Marico Limited	12,534	100.0%	5600	42.88%
<b>Total</b>	<b>12,534</b>	<b>100.0%</b>	<b>11,051</b>	<b>88.04%</b>

### 16. Other equity

(Amounts in ₹)

Particulars	As at March 31,	
	2021	2020
<b>Securities premium</b>		
Balance at beginning of the year	104,337,284	84,353,268
Right issue of shares	-	19,984,016
<b>Balance at end of the year</b>	<b>104,337,284</b>	<b>104,337,284</b>
<b>Retained earnings</b>		
Balance at beginning of year	22,771,779	771,336
Profit attributable to owners of the Company	(52,927,240)	22,000,445
Lease Impact - Ind AS 116	(890,706)	-
<b>Balance at beginning of year*</b>		
*Ind AS 116 is applicable since 1st April 2019. The company has followed the prospective approach for the lease accounting as per Ind AS 116 starting from 1st April 2020 hence, the impact for FY 2019-20 which was not routed through P&L in the previous year has been adjusted against the reserve & surplus as the impact on the opening reserve.		
<b>Balance at end of the year</b>	<b>(31,046,167)</b>	<b>22,771,781</b>
<b>Total</b>	<b>73,291,117</b>	<b>127,109,065</b>

## Notes to the financial statements

For the year ended 31 March, 2021

### 17. (a) Non-current Borrowings (Amounts in ₹)

Particulars	As at March 31	
	2021	2020
<b>Secured</b>		
(i) Term loans		
– from HDFC bank- 45294904	-	571,274
<b>Total</b>	<b>-</b>	<b>571,274</b>

Secured by a mortgage of Vehicles. The weighted average effective interest rate on the bank loans is 8.3% per annum

### (b) Other Financial Liabilities (Amounts in ₹)

Particulars	As at March 31	
	2021	2020
<b>Total</b>	<b>-</b>	<b>-</b>

### 18. Trade Payable (Amounts in ₹)

Particulars	As at March 31	
	2021	2020
Due to Micro Enterprises and Small Enterprises [see notes (a) below]	11,516,775	4,114,237
Due to creditors other than Micro Enterprises and Small Enterprises	84,319,362	70,873,228
<b>Total</b>	<b>95,836,136</b>	<b>74,987,464</b>

(a) The company has received information from vendors regarding their status under the Micro, Small and Medium Enterprise Development Act, 2006 and hence disclosure regarding Amounts unpaid is mentioned above.

(b) There is no interest paid/payable under the stipulated act

### 19. Other Financial Liabilities (Amounts in ₹)

Particulars	As at March 31	
	2021	2020
Current Maturity of Long term Loan		
– from HDFC bank- 45294904	-	575,739
<b>Total</b>	<b>-</b>	<b>575,739</b>

### 20. Provisions (Amounts in ₹)

Particulars	As at March 31	
	2021	2020
Provisions	77,635,462	36,057,792
<b>Total</b>	<b>77,635,462</b>	<b>36,057,792</b>

## Notes to the financial statements

For the year ended 31 March, 2021

### 21. Other current liabilities (Amounts in ₹)

Particulars	As at March 31	
	2021	2020
<b>Other Payables</b>		
Advance from Customers(Incl. Deposits)	1,645,594	2,190,108
Employee Benefits	1,151,814	1,770,921
Statutory dues	14,408,858	8,295,350
<b>Total</b>	<b>17,206,266</b>	<b>12,256,379</b>

### 22. Revenue from operations (Amounts in ₹)

Particulars	Year ended March 31	
	2021	2020
Sale of Products	638,356,147	795,671,706
<b>Total</b>	<b>638,356,147</b>	<b>795,671,706</b>

### 23. Other Income (Amounts in ₹)

Particulars	Year ended March 31	
	2021	2020
Interest Income	2,859,780	603,520
Bad Debts Recovery	-	362,948
Claim From Blue Dart	761,720	1,507,320
Profit on Sale of Mutual Fund	-	4,377,516
Profit on Sale of Assets	68,239	3,989
Other Misc Income	-	7,856
Export Incentive	29,294	-
<b>Total</b>	<b>3,719,033</b>	<b>6,863,149</b>

### 24. Purchases (Amounts in ₹)

Particulars	Year ended March 31	
	2021	2020
Purchase of Goods	250,341,935	268,853,648
Other Direct Expenses(Refer Grouping)	61,689,799	72,959,090
Other Direct Expenses)		
<b>Total</b>	<b>312,031,734</b>	<b>341,812,738</b>

### 25. Changes in inventories (Amounts in ₹)

Particulars	Year ended March 31	
	2021	2020
Stock at the beginning of the year	40,126,854	20,822,425.06
Stock at the end of the year	64,058,741	40,126,854
<b>Total</b>	<b>(23,931,887)</b>	<b>(19,304,429)</b>

## Notes to the financial statements

For the year ended 31 March, 2021

**26. Employee benefits expense** (Amounts in ₹)

Particulars	Year ended March 31	
	2021	2020
Salaries and Wages	103,125,788	118,647,549
Staff Welfare Expenses	804,309	3,811,600
<b>Total</b>	<b>103,930,097</b>	<b>122,459,149</b>

**27. Employee benefits expense** (Amounts in ₹)

Particulars	Year ended March 31	
	2021	2020
Interest expenses	1,859,056	110,443
<b>Total</b>	<b>1,859,056</b>	<b>110,443</b>

**28 (a) Other expenses** (Amounts in ₹)

Particulars	Year ended March 31	
	2021	2020
Electricity Charges	412,027	653,267
Rent	1,880,140	5,387,121
Printing and Stationery	6,491	437,499
Rates and Taxes	903,397	862,436
Post and Telecommunication Charges	702,778	1,709,671
Travelling, Conveyance and Motor Vehicle Expenses	2,452,541	9,743,576
Repairs and Maintenance	1,957,213	727,687
Office Expenses	926,721	699,391
Misc Expenses	1,797,783	1,106,896
Legal and Professional Fees	34,951,644	2,519,382
Bank Charges	28,365	25,036
Foreign Exchange Fluctuation	219,660	237,761
Warehouse Expenses	7,093,220	441,755
Interest Expense	-	37,236
Software Development	3,609,758	1,669,347
Provision for Bad & Doubtful Debts	600,000	1,200,000
Reimbursement of Expenses (Conveyance, Food, Transport)	8,873,305	15,320,776
Customer Service Expenses	3,433,323	-
<b>Sales &amp; Marketing Expenses</b>		
Advertisement expenses	190,777,499	241,245,038
Business Promotion Expenses	1,946,293	3,777,924
Modern Trade Advertisement Exps.	21,366,641	9,593,982
Sales Promotion Expenses	9,053,500	19,574,767
<b>Total</b>	<b>292,992,299</b>	<b>316,970,548</b>

## Notes to the financial statements

For the year ended 31 March, 2021

**28 (b) Payment to Auditors** (Amounts in ₹)

Particulars	Year ended March 31	
	2021	2020
<b>As Auditor:</b>		
Audit Fee	600,000	600,000
Tax Audit Fee	50,000	50,000
<b>In Other Capacities:</b>		
Taxation Matters	35,000	35,000
Due Dillgence	219,185	-
Company Law Matters	25,000	25,000
<b>Total</b>	<b>929,185</b>	<b>710,000</b>

**29. Income tax recognised in profit or loss** (Amounts in ₹)

Particulars	Year ended March 31	
	2021	2020
Current tax	-	9,200,000
Deferred tax	(105,493)	(634,837)
<b>Total Tax expenses</b>	<b>(105,493)</b>	<b>8,565,163</b>

**Note-30: Disclosure pursuant to Indian Accounting Standard (Ind AS) - 33: Earnings Per Share**

Particulars		Year ended March 31	
		2021	2020
Profit/(Loss) after Tax	A	(52,927,240)	22,000,445
Weighted Average number of Equity Shares	B	12,534	12,196
Nominal Value Per Share (Rs.)	C	10.00	10.00
Basic and diluted Earning /(loss) per share (in Rs.)	D = A/B	<b>(4,223)</b>	<b>1,804</b>

**Note:- 31. Disclosure pursuant to Ind AS - 24 : RELATED PARTY DISCLOSURES:**

**Details of related parties:**

Description of relationship	Names of related parties
a) Key Management Personnel	
b) Associate/Holding Company	Marico Limited
c) Entities in which KMP / Relatives of KMP can exercise significant influence	

## Notes to the financial statements

For the year ended 31 March, 2021

Year ended on 31st March 2021				(Amounts in ₹)
Particulars	Associate Company	Entity in which KMP has interest	Key Management personnel	Total
Administrative and general expenses	31,805,770	-	-	31,805,770
Director Remuneration	-	-	-	-
Purchase	-	-	-	-
Sale of Shares	-	-	-	-
Year ended on 31st March 2020				
Particulars	Associates	Entity in which KMP has interest	Key Management personnel	Total
Administrative and general expenses	-	-	-	-
Director Remuneration	-	-	20,520,000	20,520,000
Purchases	-	-	-	-
Sale of Shares	19,988,656	-	-	19,988,656

### Notes:

- No amount has been written off or written back during the year ended 31st March, 2021.(Previous Year Nil)
- Remuneration does not include the provisions made for Gratuity.
- The transactions with related parties are made in the normal course of business and on terms equivalent to those that prevail in arm's length transactions.

## 32 Financial instruments and Risk management

### 32.1 Capital management

Capital management is driven by Company's policy to maintain a sound capital base to support the continued development of its business. The Board of Directors seeks to maintain a prudent balance between different components of the Company's capital. The Management monitors the capital structure and the net financial debt. Net financial debt is defined as current and non-current financial liabilities less cash and cash equivalents and short-term investments. The debt equity ratio highlights the ability of a business to repay its debts. Accordingly the management and the Board of Directors periodically review and set prudent limit on overall borrowing limits of the Company.

## Notes to the financial statements

For the year ended 31 March, 2021

### 32.2 Categories of financial instruments

The following table provides categorisation of all financial instruments at carrying value.

(Amounts in ₹)

Particulars	As at 31 March	
	31st March, 2021	31st March, 2020
<b>Financial assets</b>		
(a) Measured at amortised cost		
(a) Cash and cash equivalent	15,178,639	15,178,639
(b) Bank balance other than (a) above	10,000,000	49,281,968
(c) Trade receivables	92,982,997	78,110,534
(d) Current Investment	-	-
(e) Other financial assets	1,172,721	1,409,042
<b>Total Financial Assets</b>	<b>119,334,358</b>	<b>143,980,184</b>
<b>Financial liabilities</b>		
(a) Measured at amortised cost		
(a) Borrowings	-	571,274
(b) Trade payables	95,836,137	74,987,465
(c) Other financial liabilities	-	575,739
<b>Total Financial Liabilities</b>	<b>95,836,137</b>	<b>76,134,478</b>

### 32.3 Financial risk management

The financial risks emanating from the Company's operating business include market risk, credit risk and liquidity risk. These risks are managed by the Company using appropriate financial instruments. The Company has laid down written policies to manage these risks.

#### 32.3.1 Market risk management

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of Currency risk, Interest rate risk and other price risk.

##### A. Foreign currency risk management

The Company is exposed to foreign currency risk arising mainly on import of services and export of finished goods. Foreign currency exposures are managed within approved policy parameters utilising forward contracts.

The carrying amounts of the Company's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

Nature of Transaction	Currency	As at 31st March,			
		2021		2020	
		Hedged	Unhedged	Hedged	Unhedged
Trade Payable	USD *		48,657		113,025
Trade Recievable	INR				

\* Denotes amounts in full figures.



**B. Foreign currency sensitivity analysis**

The Company's exposure to Foreign Currency changes for all currencies is not material.

**C. Interest rate risk management**

The Company does not have interest rate risk exposure on its outstanding loans as at the year end as these loans are vehicle loan on fixed interest rate basis.

Credit risk arises from the possibility that a counter party's inability to settle its obligations as agreed in full and in time. The maximum exposure to credit risk in respect of the financial assets at the reporting date is the carrying value of such assets recorded in the financial statements net of any allowance for losses.

**A. Trade Receivables**

The Company's trade receivables consists of a offline and online sales through designated distributors. Hence the Company is not exposed to concentration and credit risk.

The ageing analysis of trade receivables as of the reporting date is as follows:

Ageing of trade receivables (Gross)	31st March	
	2021	2020
0 - 6 months past due	92,016,628	77,411,558
More than 6 months past due	966,369	698,976
<b>Total Trade receivables</b>	<b>92,982,997</b>	<b>78,110,534</b>

**B. Other Financial Assets**

The Company maintains exposure in cash and cash equivalents, time deposits with banks. Investment of surplus funds are made only with approved counter parties. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

**32.3.2 Liquidity risk management**

The objective of liquidity risk management is to maintain sufficient liquidity to meet financial obligations of the Company as they become due. The Treasury Risk Management Policy includes an appropriate liquidity risk management framework for the management of the short-term, medium-term and long term funding and cash management requirements. The Company manages the liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

33. The Figures of the previous year have been regrouped/reclassified wherever necessary.

As per our report of even date

**For Pipara & Co LLP**  
**Chartered Accountants**

Firm's Registration No: 107929W/W100219

**For and on behalf of the Board of Directors**

**Naman Pipara**  
**Partner**  
**Membership No. 140234**  
**UDIN: 21140234AAAACQ9944**

**Sujot Malhotra**  
**Director**  
**(DIN: 08777550)**

**Sanjay Mishra**  
**Director**  
**(DIN: 02631914)**

Place: Ahmedabad  
Date : April 29, 2021

Place: Ahmedabad  
Date : April 29, 2021

Place : Mumbai  
Date : April 29, 2021



#### **Purpose Statement**

To transform in a sustainable manner, the lives of those we touch,  
by nurturing and empowering them to maximise their true potential.

#### **Registered Office**

Marico Limited  
7<sup>th</sup> floor, Grande Palladium  
175, CST Road, Kalina, Santacruz (East)  
Mumbai 400 098

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