

DABUR INTERNATIONAL LIMITED

Financial statements and reports
Year ended 31 March 2022

DABUR INTERNATIONAL LIMITED

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Year ended 31 March 2022

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DABUR INTERNATIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

The directors submit their report and financial statements for the year ended 31 March 2022. We approve the financial statements and confirm that we are responsible for these, including selecting the accounting policies and making the judgments underlying them. We confirm that we have made available all relevant accounting records and information for their compilation.

Results and dividends

The profit for the year amounted to AED 61,221,997. The directors do not propose any dividends for the year ended 31 March 2022.

Review of the business

The Company carried out activities of manufacturing, import, export, warehousing and distribution of beauty and health care products.

Directors

The directors as at the reporting date were as follows:

Mr. Amit Burman	Mr. Krishan Kumar Chutani
Mr. Anand Chand Burman	Mr. Avasarala Subba Rao
Mr. Gaurav Burman	Mr. Manish Mathur
Mr. Mohit Burman	Mr. Pritam Das Narang
Mr. Saket Burman	Mr. Rohit Jaiswal
Mr. Vivek Chand Burman	Mr. Saikat Mukherjee
Mr. Mohit Malhotra	Dr. Ajay Kumar Dua

Independent auditor

PKF were appointed as independent auditor for the year ended 31 March 2022 and it is proposed that they be re-appointed for the year ending 31 March 2023.

On behalf of the Board of Directors



Director
14 April 2022



INDEPENDENT AUDITOR'S REPORT

To the Shareholder of **DABUR INTERNATIONAL LIMITED**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **DABUR INTERNATIONAL LIMITED** (the "Company"), which comprise the statement of financial position as at 31 March 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the UAE, 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.

Emphasis of Matter

We draw attention to note 1(c) in the financial statements, which states that the financial statements of the subsidiary companies are not consolidated in these financial statements as they will be consolidated in the financial statements of the ultimate parent company. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. Other information comprises the Directors' report, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

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

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INDEPENDENT AUDITOR'S REPORT

(continued)

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

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for compliance with the Isle of Man Companies Act 1931 to 2004, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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.

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INDEPENDENT AUDITOR'S REPORT

(continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Report on Other Legal and Regulatory Requirements

We further confirm that the financial statements have been prepared in accordance with the requirements of the Isle of Man Companies Acts 1931 to 2004.

For PKF



S. D. Pereira

Partner

Registration No. 552

Dubai, United Arab Emirates

21 April 2022

DABUR INTERNATIONAL LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Notes	2022 AED	2021 AED
ASSETS			
Non-current assets			
Property, plant and equipment	6	6,480,662	6,880,521
Intangible assets	7	2,505,747	2,330,598
Investment in subsidiaries	8	577,666,647	572,437,011
Advance against investment in subsidiaries	9	1,452,500	735,144
Other financial assets	10	548,794,447	234,113,344
		<u>1,136,900,003</u>	<u>816,496,618</u>
Current assets			
Inventories	11	5,564,499	3,680,315
Trade and other receivables	12	42,385,723	76,627,271
Other current assets	13	4,664,817	4,390,831
Other financial assets	10	23,213,871	208,454,665
Cash and cash equivalents	14	53,457,191	7,020,219
		<u>129,286,101</u>	<u>300,173,301</u>
Total assets		<u>1,266,186,104</u>	<u>1,116,669,919</u>
EQUITY AND LIABILITIES			
Shareholder's equity funds			
Share capital	15	10,426,800	10,426,800
Share premium	16	24,486,959	24,486,959
Retained earnings		999,202,412	937,980,415
Exchange difference on translation of foreign operations		(566,049)	(310,273)
		<u>1,033,550,122</u>	<u>972,583,901</u>
Non-current liabilities			
Long-term borrowings	17	116,400,307	--
Provision for staff end-of-service benefits	18	6,195,238	5,595,350
Lease liabilities	19	77,262	304,472
		<u>122,672,807</u>	<u>5,899,822</u>
Current liabilities			
Short-term borrowings	20	12,249,241	36,494,369
Trade and other payables	21	89,173,342	90,993,634
Other current liabilities	22	8,374,940	10,531,449
Other financial liabilities	10	--	7,799
Lease liabilities	19	165,652	158,945
		<u>109,963,175</u>	<u>138,186,196</u>
Total liabilities		<u>232,635,982</u>	<u>144,086,018</u>
Total equity and liabilities		<u>1,266,186,104</u>	<u>1,116,669,919</u>

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

The report of the independent auditor is set forth on pages 2 to 4.

Approved and authorised for issue by the Board of Directors on 14 April 2022 and signed on their behalf by Mr. Manish Mathur and Mr. Krishan Kumar Chutani.

For **DABUR INTERNATIONAL LIMITED**

DIRECTORS



DABUR INTERNATIONAL LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 AED	2021 AED
Revenue	25	444,542,487	391,499,090
Cost of sales	26	(279,293,369)	(245,037,530)
Gross profit		165,249,118	146,461,560
Other income	27	8,969,124	8,526,234
Distribution costs	28	(70,682,286)	(62,886,121)
Administrative expenses	29	(54,900,577)	(47,011,788)
Interest income	30	14,255,362	14,408,638
Finance costs	31	(1,668,744)	(1,588,495)
PROFIT FOR THE YEAR		61,221,997	57,910,028
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translation of foreign operations		(255,776)	326,434
Other comprehensive income for the year		(255,776)	326,434
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		60,966,221	58,236,462

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 2 to 4.

DABUR INTERNATIONAL LIMITED

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

	Share capital	Share premium	Retained earnings	Exchange difference on translation of foreign operations	Total
	AED	AED	AED	AED	AED
Balance at 1 April 2020	10,426,800	24,486,959	880,070,387	(636,707)	914,347,439
Comprehensive income					
- Profit (a)	--	--	57,910,028	--	57,910,028
- Other comprehensive income (b)	--	--	--	326,434	326,434
Total comprehensive income for the year (a+b)	--	--	57,910,028	326,434	58,236,462
Balance at 31 March 2021	10,426,800	24,486,959	937,980,415	(310,273)	972,583,901
Comprehensive income					
- Profit (c)	--	--	61,221,997	--	61,221,997
- Other comprehensive income (d)	--	--	--	(255,776)	(255,776)
Total comprehensive income for the year (c+d)	--	--	61,221,997	(255,776)	60,966,221
Balance at 31 March 2022	<u>10,426,800</u>	<u>24,486,959</u>	<u>999,202,412</u>	<u>(566,049)</u>	<u>1,033,550,122</u>

The details of movements in exchange difference on translation of foreign operations are as follows:

	Exchange difference on translation of foreign operations AED
<i>Items that may be reclassified subsequently to profit or loss:</i>	
Balance at 1 April 2020	(636,707)
Exchange difference on translation of foreign operations	326,434
Balance at 31 March 2021	(310,273)
Exchange difference on translation of foreign operations	(255,776)
Balance at 31 March 2022	<u>(566,049)</u>

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 2 to 4.

DABUR INTERNATIONAL LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

	2022 AED	2021 AED
Cash flows from operating activities		
Profit for the year	61,221,997	57,910,028
Adjustments for:		
Depreciation of property, plant and equipment	1,135,734	956,176
Amortisation of intangible assets	392,489	390,352
Finance costs	1,668,744	1,588,495
Interest income	(14,255,362)	(14,408,638)
Provision for inventory obsolescence	--	264,876
Writeback of provision for inventory obsolescence	(609,997)	--
Credit balances written back	(16,944)	(50,708)
Provision for staff end-of-service benefits	1,018,094	1,017,769
Assets written off (net)	75,657	26,731
	<u>50,630,412</u>	<u>47,695,081</u>
Changes in		
- Inventories	(1,274,187)	855,793
- Trade and other receivables	30,976,932	6,084,388
- Other current assets	(273,986)	(574,514)
- Trade and other payables	(1,708,499)	(13,670,457)
- Other current liabilities	(2,156,509)	(2,098,535)
- Derivative financial liabilities	(8,301)	(321,506)
Staff end-of-service benefits paid	(418,206)	(496,214)
Cash generated from operations	<u>75,767,656</u>	<u>37,474,036</u>
Interest paid	(1,763,593)	(1,468,514)
Net cash from operating activities	<u>77,269,181</u>	<u>36,005,522</u>
Cash flows from investing activities		
Proceeds on disposal of property, plant and equipment	4,383	--
Proceeds on disposal of intangible assets	2,960	--
Payment for property, plant and equipment	(817,015)	(585,021)
Payment for intangible assets	(570,598)	(3,950)
Payments for investment in subsidiaries (net)	(5,229,636)	--
Payment for advance against investments	(717,356)	(177,000)
Payment of long-term loans to related parties (net)	(7,490,000)	(2,800,000)
Repayment of long-term loans by a related party	20,000,000	30,000,000
(Payment to)/receipts from purchase/disposal of debt instruments	(208,756,461)	(83,454,695)
Decrease/(increase) in fixed deposits (net)	66,806,654	--
Interest received	17,519,978	13,377,328
Net cash used in investing activities	<u>(119,247,091)</u>	<u>(43,643,338)</u>

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DABUR INTERNATIONAL LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

(continued)

	2022 AED	2021 AED
Cash flows from financing activities		
Payment of lease liability	(220,503)	(213,994)
Proceeds from long-term bank loan	116,400,307	--
Payment of short-term bank loan (net)	(24,245,128)	(18,186,687)
Net cash from/(used in) financing activities	<u>91,934,676</u>	<u>(18,400,681)</u>
Foreign currency translation difference	<u>(254,676)</u>	323,276
Net increase/(decrease) cash and cash equivalents	46,436,972	(25,715,221)
Cash and cash equivalents at beginning of year	<u>7,020,219</u>	<u>32,735,440</u>
Cash and cash equivalents at end of year (note 14)	<u>53,457,191</u>	<u>7,020,219</u>

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

The report of the independent auditor is set forth on pages 2 to 4.

DABUR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. LEGAL STATUS AND BUSINESS ACTIVITY

- a) **DABUR INTERNATIONAL LIMITED** (the "Company") is a limited liability company incorporated in the Isle of Man under registration no 046540C. The Company is a wholly owned subsidiary of Dabur India Limited, which is considered by the directors to be the ultimate parent company. The registered office is First floor, Millennium House, Victoria Road, Douglas, Isle of Man. The principal place of business is P.O. Box 16944, Jebel Ali, Dubai, UAE.
- b) The Company is engaged in the manufacturing, import, export, warehousing and distribution of beauty care and health care products. The activities are carried out under general trading and industrial license issued by Jebel Ali Free Zone Authority, UAE. In the year 2007, the Company acquired a branch of the ultimate parent company in United Kingdom. These financial statements include the results of operations, assets and liabilities of the branch in the United Kingdom.
- c) These are the separate financial statements of the Company and its branch in the United Kingdom. The financial statements of the subsidiary companies are not consolidated in these financial statements as they will be consolidated in the financial statements of the ultimate parent company.

2. BASIS OF PREPARATION

a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning 1 April 2021, and the requirements of Isle of Man Companies Act 1931 to 2004.

b) Basis of measurement

The financial statements are prepared using historical cost, except for certain derivative financial instruments carried at fair value].

Historical cost is based on the fair value of the consideration given to acquire the asset or cash or cash equivalents expected to be paid to satisfy the liability.

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.

c) Going concern

The financial statements are prepared on a going concern basis.

When preparing the financial statements, management makes an assessment of the Company's ability to continue as a going concern. Financial statements are prepared on a going concern basis unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

DABUR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

d) **Adoption of new International Financial Reporting Standards**

Standards, amendments, improvements and interpretations effective for the current period

The following amendments that became effective for the current reporting period but did not have any significant impact on the financial statements of the Company:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark - Phase 2 (1 January 2021)

New and revised IFRSs in issue but not yet effective and not early adopted:

The following amendments, improvements and interpretations that are assessed by management as likely to have an impact on the financial statements, have been issued by the IASB prior to the date the financial statements were authorised for issue, but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods.

- Amendments to IFRS 3 – Reference to Conceptual Framework (1 January 2022)
- Amendments to IAS 37 – Onerous Contracts - Cost of Fulfilling a contract (1 January 2022)
- Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use (1 January 2022)
- Annual Improvements to IFRS Standards 2018-2021 (1 January 2022)
 - IFRS 9 Financial Instruments
 - IFRS 16 Leases
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current (1 January 2023)

e) **Functional and presentation currency**

The financial statements are presented in UAE Dirhams (“AED”) which is also the Company’s functional currency.

3. **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted, and which have been consistently applied, are as follows:

a) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost less estimated residual value, where material, is depreciated from the date the asset is available for use until it is derecognised, using the straight-line method over the estimated useful lives of the assets as follows:

Right-of-use assets	5 years
Factory building	30 years
Plant, machinery and equipment	15 years
Furniture, fixtures and office equipment	3 – 10 years
Vehicles	8 years

The Company has presented right-of-use assets representing the right to use the underlying assets under property, plant and equipment [Refer notes 3 (h) and 6].

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the expenditure will flow to the Company and such cost can be measured reliably. Such cost includes the cost of replacing part of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. The carrying amount of replaced parts is derecognised.

All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

An assessment of depreciation method, useful lives and residual values is undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised within 'other operating income/expenses' in profit or loss.

b) **Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and impairment losses. The cost of trademarks is amortised using the straight-line method over their protected lives of 10 years. The cost of computer software is amortised over 5 years.

An assessment of amortisation method and useful lives is undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the amortisation charge.

Intangible assets with indefinite useful lives are not amortised as the Company does not identify any foreseeable limit on the benefits embodied with such rights. Consequently, these are tested annually for impairment and carried at cost less accumulated impairment losses.

c) **Impairment of tangible and intangible assets excluding goodwill**

At each reporting date, the management reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any. Where it is not possible to estimate the recoverable amount of an individual asset, the acquirer estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, 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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

d) **Investments in subsidiaries**

Subsidiaries are entities over which the Company exercises control. Control is achieved when the Company is exposed, or has rights, to variable return from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The investment in subsidiaries is accounted for at cost less impairment losses, if any. The financial statements of the subsidiary companies are not consolidated in these financial statements as they will be consolidated in the financial statements of the ultimate parent company.

e) **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is arrived at using the Weighted Average Cost (WAC) method and comprises invoice value plus applicable landing charges less discounts. Net realisable value is based on estimated selling price less any estimated cost of completion and disposal.

Finished goods are stated at lower of cost and net realisable value. Cost comprises of direct materials, labour and other attributable overheads.

Goods-in-transit represents the inventory over which Company has legal title based on terms of purchase, but which are physically not received at the Company's warehouse.

f) **Staff benefits**

The Company provides staff end-of-service benefits to its non-UAE national employees as per the applicable local laws. The entitlement to these benefits is based on upon the employees' last drawn salary and length of services which is accrued over the period of employment. Provision for staff end of services benefits are disclosed as non-current liability.

Provision is also made for employees' entitlement to annual leave for eligible employees as per the policy of the Company. Provision relating to annual leave is disclosed as current liability as employees are entitled to redeem these benefits at any point of time after the reporting period.

g) **Revenue recognition**

The Company is engaged in the manufacturing, import, export, warehousing and distribution of beauty and health care products.

Revenue from contracts with customers is recognised when the control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

1. Identify the contracts with customers: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
3. Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
5. Recognise revenue when (or as) the Company satisfies a performance obligation at a point in time or over time.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue.

Sale of goods

The Company has concluded that revenue from sale of goods should be recognised at a point in time when the control of the asset is transferred to the customer, generally on delivery of the goods.

Management fees

Management fee represents income earned as per the agreed terms with the related parties for support services rendered which are recognised over time when control of services transfers to the related parties.

Interest income

Interest income is recognised as the interest accrues using the effective interest method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

h) **Leases**

As a lessee

The Company leases land on which it has constructed a warehouse. Rental contracts are typically made for fixed periods of 1 to 15 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease arrangements do not impose any covenants, however leased assets are not used as security for borrowing purposes.

Right-of-use assets

The Company recognises right-of-use assets at the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any reimbursement of lease liabilities. The cost of right-of-use assets includes:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial costs; and
- restoration costs.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

The Company recognises lease liabilities at the commencement date of the lease. The lease liabilities are measured at the net present value of lease payments to be made over the lease term. The lease payments include:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Company; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

The Company uses its incremental borrowing rate as the discount rate in calculating the present value of lease payments and uses the incremental borrowing rate at the commencement date of the lease if the profit rate implicit in the lease is not readily determinable. Further, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance lease payments or a change in the assessment to purchase the underlying asset.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

i) **Cash and cash equivalents**

Cash and cash equivalents comprise cash and bank current accounts, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value net of temporary bank overdrafts.

j) **Foreign currency transactions**

Transactions in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling at the reporting date.

Gains or losses resulting from foreign currency transactions are taken to profit or loss.

The income and expenses of the UK branch are translated into UAE Dirhams at the average rate for the period. The assets and liabilities of the UK branch are translated into UAE Dirhams at the closing rate of the reporting date. Resulting exchange differences are recognised as a separate component of equity.

DABUR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

The financial statements of UK branch are translated into UAE Dirhams at 1 UAE Dirham equivalent to 0.1976 (closing) and 0.2081 (average) UK Pound Sterling.

k) **Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred except those that are attributable to the acquisition and construction of an asset that necessarily takes a substantial period to get ready for its intended use ("qualifying asset"). Such borrowing costs are capitalised as part of the related qualifying asset up to the date the qualifying asset is ready for use.

l) **Provisions**

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, it's carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

m) **Provision for taxation**

The Company is subject to Isle of Man Income Tax at a rate of 0%. The Company is not subject to any taxation in UAE. The branch of the Company is United Kingdom tax resident and liable to corporation tax.

Provision for tax is made on the basis of the profit generated by making suitable adjustments for likely disallowances as per the tax law, and applying the tax rates specified in the Income Tax Law in the United Kingdom.

n) **Value added tax**

The Company charges and recovers Value Added Tax (VAT) on every taxable supply and deemed supply, in accordance with the applicable commercial VAT laws. Irrecoverable VAT for which Company cannot avail the credit is charged to the relevant expenditure category or included in costs of non-current assets. The Company is also required to file its VAT returns and compute the payable tax (which is output tax less input tax) for the allotted tax periods and deposit the same within the prescribed due dates of filing VAT return and tax payment. VAT receivable and VAT Payable are offset and the net amount is reported in the statement of financial position as the Company has a legally enforceable right to offset the recognised amounts and has the intention to settle the same on net basis.

DABUR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

o) **Current versus non-current classification**

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period. or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period. or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

p) **Financial instruments**

Classification

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

The classification of financial assets at initial recognition depends on the financial assets' contractual cash flow characteristics and the Company's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrumental level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cashflows, selling the financial assets, or both.

Financial liabilities are classified as financial liabilities at FVTPL or at amortised cost. The Company determines the classification of its financial liabilities at initial recognition.

DABUR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Recognition

Financial assets and financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

Derecognition

Financial assets are de-recognised when, and only when,

- The contractual rights to receive cash flows expire or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (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.

Financial liabilities are de-recognised when, and only when, they are extinguished i.e. when obligation specified in the contract is discharged, cancelled or expired.

Measurement

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

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

All financial assets not classified as measured at amortised cost or FVTOCI 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 FVTOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies apply to the subsequent measurement of financial assets and liabilities.

Financial assets at amortised cost

Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment loss and deferred income, if any (except for those assets that are designated as at fair value through other comprehensive income on initial recognition) using the effective interest method. All other financial assets are subsequently measured at fair value.

DABUR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
2. the contractual terms of the instrument give rise to cash flows on specified dates that are solely payments of principal and profit on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

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.

The financial assets at amortised cost comprise of Investment in debt instruments, Long-term loan to related parties, trade and other receivables, other financial assets, cash and cash equivalents.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost comprise of long-term and short-term borrowings, trade and other payables and lease liabilities (current and non-current).

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. However, for financial liabilities that are designated at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effect of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for investment in all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Loss allowances are measured on either of the following basis:

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

DABUR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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

- Bank balances and other financial assets 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.

The Company has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECLs. The Company applies a simplified approach in calculating expected credit losses. The Company does not track changes in credit risk, but instead recognized a loss allowance based on lifetime expected credit losses at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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 supportive 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.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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

- The customer 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 180 days past due.

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

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. 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 assets have occurred.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the asset. For financial assets carried at FVTOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the asset.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Equity

Share capital is recorded at the value of proceeds received towards interest in share capital of the Company.

q) **Derivatives financial instruments**

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the statement of profit or loss.

r) **Fair value measurement**

The Company measures financial instruments, such as financial assets/liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income at fair value at each reporting date. The Company also discloses the fair value of financial instruments measured at amortised cost.

The 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in their best economic interests.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In addition, the fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurement are observable and significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

4. **SIGNIFICANT JUDGMENTS EMPLOYED IN APPLYING ACCOUNTING POLICIES**

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Classification of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

Impairment

At each reporting date, management conducts an assessment of property, plant, equipment, and intangible assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made.

The Company applies expected credit loss (ECL) model to measure loss allowance in case of financial assets on the basis of 12-month ECLs or Lifetime ECLs depending on credit risk characteristics and how changes in economic factors affect ECLs, which are determined on a probability-weighted basis.

Leases

Determining the lease term

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional years. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. The Company considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

The right-of-use assets and lease liabilities recognised as at 1 January 2019 are mainly determined based on the Company's expected lease renewal terms derived primarily from the Company's long-term business plans.

Discounting of lease payments

The lease payments are discounted using the Company's incremental borrowing rate ("IBR"), of 3%, due to the absence of implicit rates in the lease contracts.

DABUR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Management has applied judgments and estimates to determine the IBR at the transition date, using borrowing rates that certain financial institutions would charge the Company against financing the different types of assets it leases over different terms and different ranges of values. IBR is further adjusted for Company's specific risk, term risk and underlying asset risk. Majority of the leases are present in the UAE and accordingly no adjustment for the economic environment was deemed required.

Investments in subsidiaries

Management considers that it has de-facto control over the equity interest held by other shareholders.

Management considers that it has control over Excel Investment (FZC) although it does not hold any shares in Excel Investment (FZC) as it has de-facto control by virtue of the management agreement signed with the shareholders.

Recognition of revenue and allocation of transaction price

Identification of performance obligations

The Company determined that the *sale of goods* is provided as a single component to customers and accordingly it becomes single performance obligation in respect of the goods being sold.

Determine timing of satisfaction of performance obligation

The Company concluded that the revenue from sales of goods is to be recognised at a point in time when the control of the goods has been transferred to the customers. Payment of the transaction price is due immediately at the point the customer purchases the goods.

5. **KEY SOURCES OF ESTIMATION UNCERTAINTY**

Key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Carrying values of property, plant and equipment

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

Inventory provisions

Management regularly undertakes a review of the Company's inventory, stated at AED 6,399,378 (previous year AED 5,125,191) in order to assess the likely realisation proceeds, taking into account purchase and replacement prices, technological changes, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment assumptions are made as to the level of provisioning required.

Impairment

Assessments of net recoverable amounts of property, plant, equipment and intangible assets are based on assumptions regarding future cash flows expected to be received from the related assets.

DABUR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Impairment of financial assets

The loss allowance for financial assets are based on assumptions about the risk of default and expected loss rates. The management uses judgement in making these assumptions and selecting the inputs to the impairment calculations based on the past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3(p).

Staff end-of-service benefits

The Company computes the provision for the liability to staff end-of-service benefits stated at AED 6,195,238 (previous year AED 5,595,350), assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

DABUR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

6. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use ^(a)		Factory building ^(b)		Plant, machinery and equipment		Furniture, fixtures and office equipment		Vehicles		Total	
	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED
Cost												
At 1 April 2020	947,588		9,107,355		531,026		3,356,113		1,732,187			15,674,269
Additions	--	--	--	--	16,219	--	199,802	--	369,000	--	--	585,021
Write offs	--	--	--	--	--	--	(279,432)	--	--	--	--	(279,432)
Foreign currency translation difference	--	--	--	--	--	--	7,480	--	--	--	--	7,480
As at 31 March 2021	947,588		9,107,355		547,245		3,283,963		2,101,187			15,987,338
Additions	--	--	--	--	16,417	--	798,847	--	--	--	--	815,264
Disposals	--	--	--	--	(2,375)	--	(707,572)	--	--	--	--	(709,947)
Transfer from a related party	--	--	--	--	--	--	24,450	--	--	--	--	24,450
Foreign currency translation difference	--	--	--	--	--	--	(2,480)	--	--	--	--	(2,480)
As at 31 March 2022	947,588		9,107,355		561,287		3,397,208		2,101,187			16,114,625
Accumulated depreciation												
At 1 April 2020	218,628		4,700,872		427,676		2,449,043		602,800			8,399,019
Depreciation	218,628		292,526		20,222		242,678		182,122			956,176
Adjustment on assets written-off	--	--	--	--	--	--	(252,701)		--			(252,701)
Foreign currency translation difference	--	--	--	--	--	--	4,323		--			4,323
At 31 March 2021	437,256		4,993,398		447,898		2,443,343		784,922			9,106,817
Depreciation	218,628		292,526		12,885		389,641		222,054			1,135,734
Adjustment in asset disposed off	--	--	--	--	(2,204)		(627,703)		--			(629,907)
Adjustment in asset transferred from related party	--	--	--	--	--		22,699		--			22,699
Foreign currency translation difference	--	--	--	--	--		(1,380)		--			(1,380)
At 31 March 2022	655,884		5,285,924		458,579		2,226,600		1,006,976			9,633,963
Carrying amount												
At 1 April 2020	728,960		4,406,483		103,350		907,070		1,129,387			7,275,250
At 31 March 2021	510,332		4,113,957		99,347		840,620		1,316,265			6,880,521
At 31 March 2022	291,704		3,821,431		102,708		1,170,608		1,094,211			6,480,662

- (a) The leasehold interest in land is capitalised as Right-of-Use assets. The lease is for a period of 15 years starting July 2008 and is due for renewal in July 2023.
- (b) Factory building is constructed on a leasehold land, the lease period being 15 years with renewable option.

DABUR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

7. INTANGIBLE ASSETS

	Capital work-in-progress ^(a)	Trade marks	Computer Software	Total
	AED	AED	AED	AED
Cost				
At 1 April 2020	--	2,203,200	849,009	3,052,209
Additions	--	--	3,950	3,950
At 31 March 2021	--	2,203,200	852,959	3,056,159
Additions	444,312	--	126,286	570,598
Disposals	--	--	(3,950)	(3,950)
At 31 March 2022	444,312	2,203,200	975,295	3,622,807
Accumulated amortisation				
At 1 April 2020	--	84,275	250,934	335,209
Amortisation	--	220,345	170,007	390,352
At 31 March 2021	--	304,620	420,941	725,561
Amortisation	--	220,345	172,144	392,489
Adjustment on disposal	--	--	(990)	(990)
At 31 March 2022	--	524,965	592,095	1,117,060
Carrying amount				
At 1 April 2020	--	2,118,925	598,075	2,717,000
At 31 March 2021	--	1,898,580	432,018	2,330,598
At 31 March 2022	444,312	1,678,235	383,200	2,505,747

(a) Capital work-in-progress relates to amount incurred towards SOP digitization.

	2022 AED	2021 AED
8. INVESTMENT IN SUBSIDIARIES		
Asian Consumer Care Private Limited, incorporated in Bangladesh [76% share in the capital of the company]	17,542,033	17,542,033
African Consumer Care Limited, incorporated in Nigeria [98.02% share in the equity capital of the company of AED 5,429,637 and 100% share in redeemable convertible preference share capital of AED 28,611,950]	34,041,587	34,041,587
Dabur Nepal Private Limited, incorporated in Nepal [97.50% share in the capital of the company]	17,262,289	17,262,289
Dabur (UK) Limited, incorporated in British Virgin Islands [100% share in the capital of the company]	2,492,049	2,492,049

DABUR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2022 AED	2021 AED
Dabur Egypt Limited, incorporated in Egypt [24% share in the capital of the company] ^(a)	108,021	108,021
Naturelle LLC, incorporated in the UAE [100% share in the capital of the company] ^(b)	3,600,000	3,600,000
Dermoviva Skin Essentials INC., incorporated in USA [97.79% share in the capital of the company] ^(c) (note 9)	318,362,400	318,362,400
Hobi Kozmetik Imalat Sanayi ve Ticaret Anonim Sirketi, incorporated in Turkey [100% share in the capital of the company] ^(d)	245,167,800	245,167,800
Ra Pazarlama Limited Sirketi, incorporated in Turkey [100% share in the capital of the company]	8,200,196	8,200,196
Dabur Lanka (Private) Limited, incorporated in Sri Lanka [100% share in the capital of the company]	57,173,040	57,173,040
Dabur Consumer Care (Private) Limited, incorporated in Sri Lanka [100% share in the capital of the company]	3,302,794	3,302,794
Dabur Tunisie SARL, incorporated in Tunisia [99% share in the capital of the company] ^(e)	4,596,183	4,596,183
Dabur South Africa (PTY) LTD., incorporated in Johannesburg [100% share in the capital of the company]	13,402,802	11,199,602
Dabur Pars Limited, incorporated in Iran [96% share in the capital of the company] ^(f)	9,032,436	6,006,000
	734,283,630	729,053,994
Less: Provision for impairment losses ^(c, d, & e)	(156,616,983)	(156,616,983)
	577,666,647	572,437,011

The principal activities of the above subsidiaries comprise manufacturing, trading and distribution of beauty and health care products and are 100% beneficially owned by the Company. The financial statements of the subsidiary companies are not consolidated in these financial statements as they will be consolidated in the financial statements of the ultimate parent company.

- (a) The Company holds 100% shareholding in Dabur (UK) Limited, which holds balance 76% shares in Dabur Egypt Limited.
- (b) Although the Company holds 49% legal share capital in Naturelle LLC, it holds the entire beneficial interest in the subsidiary by virtue of agreement signed with the other shareholder.

DABUR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

- (c) The Company has made provision of AED 111,996,000 for impairment losses against investment in Dermoviva Skin Essentials INC.
- (d) The Company has made provision of AED 40,024,800 for impairment losses against investment in Hobi Kozmetik Imalat Sanayi ve Ticaret Anonim Sirketi.
- (e) The Company has made a provision of AED 4,596,183 against investment in Dabur Tunisie SARL which is under liquidation. The legal formalities of liquidation are in progress as at the reporting date.
- (f) The Company holds 100% shareholding in Dabur (UK) Limited, which holds balance 1% shares in Dabur Pars Limited.

A reconciliation of the movements in provision for impairment is as follows:

	2022 AED	2021 AED
Opening and closing balance	<u>156,616,983</u>	<u>156,616,983</u>

9. ADVANCE AGAINST INVESTMENT IN SUBSIDIARIES

This represents advance against investment in share capital of Dabur Pars Limited, Iran.

A reconciliation of the movements in advance against investments in subsidiaries is as follows:

Opening balance	735,144	59,310,144
Advance given during the year	717,356	177,000
Advance converted to investment during the year (note 8)	--	(58,752,000)
Closing balance	<u>1,452,500</u>	<u>735,144</u>

10. OTHER FINANCIAL ASSETS/(LIABILITIES)

Derivatives not designated as hedging instruments:

- Foreign exchange forward contracts	(A) 502	(7,799)
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Debt instruments at amortised cost

- Loans to related parties ^(a)	51,990,688	64,500,688
- Quoted debt instruments ^(b)	507,373,838	298,617,377
	(B) <u>559,364,526</u>	<u>363,118,065</u>

Other financial assets at amortised cost:

- Fixed deposits ^(c)	12,631,290	79,437,944
- Margin deposits	12,000	12,000
	(C) <u>12,643,290</u>	<u>79,449,944</u>

Total financial assets & liabilities	(A+B+C) <u>572,008,318</u>	<u>442,560,210</u>
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Disclosed under:

Non-current financial assets	548,794,447	234,113,344
Other financial assets	23,213,871	208,454,665
Other financial liabilities	--	(7,799)
	<u>572,008,318</u>	<u>442,560,210</u>

DABUR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2022 AED	2021 AED
(a) Loans to related parties comprise loans to:		
- Naturelle LLC ⁽ⁱ⁾	46,612,361	59,122,361
- Excel Investment (FZE) ⁽ⁱⁱ⁾	5,378,327	5,378,327
	<u>51,990,688</u>	<u>64,500,688</u>

- (i) This represents interest-bearing (at fixed rate), secured long-term loans given to Naturelle LLC, a subsidiary company incorporated in UAE, without any fixed repayment schedule. The loans are secured by a second charge over the fixed assets of Naturelle LLC as collateral security and carries fixed rate of interest. It is not the intention of the Company to demand repayment within twelve months from the reporting date.
- (ii) This represents interest free, secured loan given to Excel Investment (FZE), a subsidiary company incorporated in Sharjah, UAE. It is not the intention of the Company to demand repayment within twelve months from the reporting date.

A reconciliation of the movements in the loans is as follows:

Opening balance	64,500,688	91,700,688
Loans given during the year	7,490,000	2,800,000
Loans repaid during the year	(20,000,000)	(30,000,000)
Closing balance	<u>51,990,688</u>	<u>64,500,688</u>

- (b) Investment in quoted bonds represents investments in bonds with a maturity of one to five years.

A reconciliation of the movements in the bonds is as follows:

Opening balance	298,617,377	198,963,181
Investment made during the year	353,621,390	216,121,641
Disposals during the year	(128,703,600)	(110,475,160)
Discount and premium amortised (net)	(16,161,329)	(5,992,285)
Closing balance	<u>507,373,838</u>	<u>298,617,377</u>

Bonds with a carrying value of AED 127,012,387 provide security for bank borrowings (Note 17)

- (c) Fixed deposits include deposits amounting to AED 11,998,762 (previous year AED 11,864,441 held as security against letters of guarantees issued (Note 35).

11. INVENTORIES

Goods held-for-sale	4,296,285	3,736,670
Less: Provision for slow moving, damaged and obsolete inventories	(834,879)	(1,444,876)
	<u>3,461,406</u>	<u>2,291,794</u>
Goods-in-transit	2,103,093	1,388,521
	<u>5,564,499</u>	<u>3,680,315</u>

DABUR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

A reconciliation of the movements in the provision for slow moving, damaged and obsolete inventories is as follows:

	2022 AED	2021 AED
Opening balance	1,444,876	1,180,000
Provisions made during the year	--	264,876
Provision written back during the year	(609,997)	--
Closing balance	<u>834,879</u>	<u>1,444,876</u>

12. TRADE AND OTHER RECEIVABLES

Trade receivables	39,322,173	69,853,880
Deposits	205,290	216,249
Other receivables	2,858,260	6,557,142
	<u>42,385,723</u>	<u>76,627,271</u>

An age analysis of trade receivables that are past due but not impaired is as follows:

0 to 3 months	1,879,095	4,942,031
3 months to 6 months	376,756	189,699
Over 6 months	1,872,628	2,393,147

At the reporting date, there are no trade receivables considered to be impaired due to non-recovery or perceived difficulty in recovery (previous year AED Nil).

Trade receivables not past due and not impaired	<u>35,193,694</u>	<u>62,329,003</u>
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The Company hold post-dated cheques against trade receivables AED 300,000 (previous year AED Nil). Furthermore, trade receivables amounting to AED 24,511,720 (previous year AED 52,378,442) are covered by the letters of credit and bank guarantees in favour of the Company as security.

13. OTHER CURRENT ASSETS

Prepayments	546,770	483,189
Advance for goods and services	1,089,415	700,542
VAT receivable (net)	3,028,632	3,207,100
	<u>4,664,817</u>	<u>4,390,831</u>

14. CASH AND CASH EQUIVALENTS

Cash on hand	--	11,775
Bank balances:		
Current accounts	45,839,320	4,109,255
Bank remittance-in-transit	7,617,871	2,899,189
	<u>53,457,191</u>	<u>7,020,219</u>

DABUR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2022 AED	2021 AED
15. SHARE CAPITAL		
Authorised:		
18,600,000 (previous year 18,600,000) ordinary shares of Stg. £ 1 each, comprising of 15,600,000 (previous year 15,600,000) shares converted at Stg. £ 1 = UAE Dirhams 6; and 3,000,000 (previous year 3,000,000) shares converted at Stg. £ 1 = UAE Dirhams 6.4.	<u>112,800,000</u>	<u>112,800,000</u>
Issued and paid up:		
1,700,000 (previous year 1,700,000) ordinary shares of Stg. £ 1 each, comprising of 1,000,000 shares converted at Stg. £ 1 = UAE Dirhams 6; 600,000 shares converted at Stg. £ 1 = UAE Dirhams 6.4 and 100,000 shares converted at Stg. £ 1 = UAE Dirhams 5.868.	<u>10,426,800</u>	<u>10,426,800</u>

The shareholder at 31 March 2022 and its interests as at that date in the share capital of the Company is as follows:

Name	No. of shares	AED
Dabur India Limited	<u>1,700,000</u>	<u>10,426,800</u>
16. SHARE PREMIUM		
Opening and closing balance	<u>24,486,959</u>	<u>24,486,959</u>

This comprises of:

- (a) Share premium of AED 14,053,759 arising out of 600,000 shares amounting to AED 3,840,000 issued during the year ended 31 March 2006 and;
- (b) Share premium of AED 10,433,200 arising out of allotment of 100,000 shares amounting to AED 586,800 issued during the year ended 31 March 2012.

17. LONG-TERM BORROWINGS		
Bank loans	127,012,387	29,376,000
Less: Current portion (note 20)	<u>(10,612,080)</u>	<u>(29,376,000)</u>
	<u>116,400,307</u>	<u>--</u>

An analysis by bank of amounts outstanding is as follows:

Credit Suisse	50,304,307	--
J Safra Sarasin	<u>76,708,080</u>	<u>29,376,000</u>
	<u>127,012,387</u>	<u>29,376,000</u>

Bank loans are secured by investments in bonds amounting to AED 127,012,387 (Note 10).

DABUR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2022 AED	2021 AED
18. PROVISION FOR STAFF END-OF-SERVICE BENEFITS		
Opening balance	5,595,350	5,073,795
Provision for the year	1,018,094	1,017,769
Paid during the year	(418,206)	(496,214)
Closing balance	<u>6,195,238</u>	<u>5,595,350</u>
19. LEASE LIABILITIES		
Lease liabilities for long-term lease of land	<u>242,914</u>	<u>463,417</u>
Disclosed in the statement of financial position as follows:		
Non-current liabilities	77,262	304,472
Current liabilities	165,652	158,945
	<u>242,914</u>	<u>463,417</u>
A reconciliation of the movements in the lease liabilities is as follows:		
At 1 January	463,417	677,411
Payments made during the year	(220,503)	(213,994)
Closing balance	<u>242,914</u>	<u>463,417</u>
A maturity analysis of lease liabilities is as follows:		
0 – 1 month	18,675	18,124
1 – 3 months	37,491	36,384
3 months – 1 year	109,486	104,437
Presented as current liabilities	165,652	158,945
1 year – 5 years	77,262	304,472
Total	<u>242,914</u>	<u>463,417</u>
20. SHORT-TERM BORROWINGS		
Overdrafts	1,637,161	7,118,369
Short-term loan (refer note 17)	10,612,080	29,376,000
	<u>12,249,241</u>	<u>36,494,369</u>
A maturity analysis of short-term and long-term borrowings is as follows:		
Overdrafts	1,637,161	7,118,369
0 – 3 months	--	29,376,000
3 months – 1 year	10,612,080	
	<u>12,249,241</u>	<u>36,494,369</u>

DABUR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Bank facilities are secured against (but not limited to):

- Assignment of insurance policies covering property, plant and equipment & Inventory.
- Agreement for forward and spot foreign exchange and currency option transactions.
- Master trust receipt agreements by the Company and a subsidiary.
- Cross guarantee of the Company and a subsidiary.
- Indemnities covering trade and forex facilities.
- International Swap Derivation Association Master Agreement.

The bank overdrafts and loans are subject to certain financial covenants including leverage ratio and minimum net worth.

	2022	2021
	AED	AED
21. TRADE AND OTHER PAYABLES		
Trade payables	14,652,000	7,551,719
Accruals	72,955,263	82,164,408
Other payables	1,566,079	1,277,507
	<u>89,173,342</u>	<u>90,993,634</u>

The entire trade and other payables are due for settlement in one year.

22. OTHER CURRENT LIABILITIES		
Advance for goods and services	1,373,138	2,363,384
Other liabilities	7,001,802	8,168,065
	<u>8,374,940</u>	<u>10,531,449</u>

23. RELATED PARTIES

The Company enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. The management considers such transactions to be in the normal course of business and at prices determined by the management.

Related parties comprise the parent/ultimate parent company, subsidiaries/fellow subsidiaries, companies under common ownership/management control and the directors.

At the reporting date significant balances with related parties were as follows:

DABUR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	Parent/ ultimate parent company	Subsidiaries	Directors	Total 2022	Total 2021
	AED	AED	AED	AED	AED
Investments	--	577,666,647	--	577,666,647	
	--	572,437,011	--		572,437,011
Advance against investments	--	1,452,500	--	1,452,500	
	--	735,144	--		735,144
Loans to related parties	--	51,990,688	--	51,990,688	
	--	64,500,688	--		64,500,688
Included in trade and other receivables	10,436	7,980,216	--	7,990,652	
	4,715	8,903,196	--		8,907,911
Included in trade and other payables	11,743,353	--	--	11,743,353	
	7,253,189	--	--		7,253,189
Provision for staff end-of-service benefits	--	--	1,295,495	1,295,495	
	--	--	1,154,278		1,154,278
Stand-by letters of credit issued	--	3,672,000	--	3,672,000	
	--	1,836,000	--		1,836,000
Corporate bank guarantees issued	--	23,179,846	--	23,179,846	
	--	27,093,668	--		27,093,668
Transfer of asset from a related party (net)	--	1,751	--	1,751	
	--	--	--		--

All balances are unsecured and expected to be settled in cash except for guarantees given on behalf of related parties. Repayment and other terms are set out in notes 8, 9, 10 and 34.

Significant transactions with related parties during the year were as follows:

	Parent/ ultimate parent company	Subsidiaries	Directors	Total 2022	Total 2021
	AED	AED	AED	AED	AED
Sales	124,279	24,072,183	--	24,196,462	
	88,264	19,968,679	--		20,056,943
Purchases	2,983,035	272,029,894	--	275,012,929	
	995,525	234,113,642	--		235,109,167
Interest income	--	2,996,118	--	2,996,118	
	--	3,566,124	--		3,566,124

DABUR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	Parent/ ultimate parent company	Subsidiaries	Directors	Total 2022	Total 2021
	AED	AED	AED	AED	AED
Know-how fees (note 27)	--	664,335	--	664,335	
	--	698,687	--		698,687
Management fee (note 27)	--	7,106,999	--	7,106,999	
	--	7,300,072	--		7,300,072
Directors' remuneration and expenses (included in administrative expenses)	--	--	9,275,031	9,275,031	
	--	--	7,506,226		7,506,226
Management service fees (included in administrative expenses, note 29)	3,782,829	--	--	3,782,829	
	3,113,309	--	--		3,113,309
Royalty fees (note 28)	3,095,108	--	--	3,095,108	
	--	--	--		--

The Company also provides funds to/receives funds from related parties as working capital facilities at fixed rates of interest/free of interest.

Certain administrative and staff related services are availed from a related party free of cost/as per agreed rates.

24. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to ensure that the Company continues as a going concern and to provide the shareholder with a rate of return on its investment commensurate with the level of risk assumed.

Capital, which is unchanged from the previous year, comprises equity funds as presented in the statement of financial position together with amount due to a related party and loans to related parties. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

The Company is subject to externally imposed capital requirements as per bank facilities availed and has complied with all such requirements to which it is subject (note 19).

Funds generated from internal accruals together with funds received from a related party net of loans to related parties are retained in the business, to limit bank borrowings within covenants and according to the business requirements and maintain capital at desired levels. The nature of such covenants is set out in note 19.

DABUR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

25. REVENUE

The Company generates revenue from the transfer of goods at a point in time. The disaggregated revenue from contracts with customers by geographical segments, contract duration and type of goods is presented below. The management believes that this best depicts the nature, amount, timing and uncertainty of the Company's revenue and cash flows.

	2022 AED	2021 AED
Primary Geographical segments		
UAE	70,702,853	50,490,404
Other Middle East countries	253,438,988	226,051,362
Europe	29,569,757	24,166,202
Asia	21,270,992	17,849,291
Africa	45,231,039	45,904,283
Americas	20,646,225	23,971,248
Australia	3,682,633	3,066,300
	<u>444,542,487</u>	<u>391,499,090</u>
Major goods/service lines		
Beauty and Health care products	<u>444,542,487</u>	<u>391,499,090</u>
Timing of revenue recognition		
At a point in time	<u>444,542,487</u>	<u>391,499,090</u>
26. COST OF SALES		
Purchases of inventory (including direct costs)	279,852,984	244,807,582
Changes in inventories	(559,615)	229,948
	<u>279,293,369</u>	<u>245,037,530</u>
27. OTHER INCOME		
Management fees	7,106,999	7,300,072
Know-how fees ^(a)	664,335	698,687
Credit balances written back	16,944	50,708
Provision on inventory written back	609,997	--
Miscellaneous income	570,849	476,767
	<u>8,969,124</u>	<u>8,526,234</u>

(a) Know-how fees is @ 1% of service income charged from Asian Consumer Care (Pvt) Ltd.,

DABUR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2022 AED	2021 AED
28. DISTRIBUTION COSTS		
Salaries and other benefits	11,695,402	13,659,504
Staff end-of-service benefits	597,153	389,069
Advertising and promotion expenses	18,466,277	15,093,204
Depreciation on distribution assets (note 32)	305,411	312,651
Royalty fees ^(a)	3,095,108	--
Business development expenses	2,414,340	--
Other distribution expenses	34,108,595	33,431,693
	<u>70,682,286</u>	<u>62,886,121</u>
 (a) Royalty fees is paid to the parent company @0.75% of net sales excluding inter-company sales.		
29. ADMINISTRATIVE EXPENSES		
Directors' remuneration and expenses ^{(a) &(b)}	9,275,031	7,506,226
Salaries and other benefits	25,242,481	20,467,458
Staff end-of-service benefits	254,567	453,669
Operating lease expenses	7,200	7,200
Provision for inventory obsolescence	--	342,075
Assets written off (net)	75,657	26,731
Depreciation on administrative assets (note 32)	830,323	643,525
Amortisation of intangible assets	392,489	390,352
Management service fees	3,782,829	3,113,309
Other administrative expenses	15,040,000	14,061,243
	<u>54,900,577</u>	<u>47,011,788</u>
 (a) Include directors' salaries and benefits amounting to AED 6,210,428 (previous year AED 6,764,938).		
 (b) Include directors' end-of-service benefits amounting to AED 166,374 (previous year AED 175,031).		
30. INTEREST INCOME		
On loans to related parties	2,996,118	3,566,124
On bank deposits	391,047	3,294,463
On investments in debt instruments	10,868,197	7,548,051
	<u>14,255,362</u>	<u>14,408,638</u>
31. FINANCE COSTS		
On bank term loans	1,307,698	1,288,157
On other bank borrowings	348,284	281,067
On lease liabilities	12,762	19,271
	<u>1,668,744</u>	<u>1,588,495</u>

DABUR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2022 AED	2021 AED
32. DEPRECIATION		
Allocated to distribution costs (note 28)	305,411	312,651
Allocated to administrative expenses (note 29)	830,323	643,525
	<u>1,135,734</u>	<u>956,176</u>

33. TAXATION

The Company is subject to Isle of Man Income Tax at a rate of 0%. The Company is not subject to any taxation in UAE except Value Added Tax [see note 3(n)]. Corporation tax is applicable to the Company's branch in United Kingdom.

Provision for tax is made on the basis of the profit generated by making suitable adjustments for likely disallowances as per the tax law to the profits as per the financial statements, and applying the tax rates specified in the Income Tax Law in the United Kingdom.

34. FINANCIAL INSTRUMENTS

The net carrying amounts as at the reporting date of financial assets and financial liabilities are as follows:

	At amortised cost		At fair value through profit or loss	
	2022 AED	2021 AED	2022 AED	2021 AED
Financial assets				
Investment in debt instruments (non-current)	496,803,759	169,612,656	--	--
Long-term loans to related parties	51,990,688	64,500,688	--	--
Trade and other receivables	42,385,723	76,627,271	--	--
Investment in debt instruments (current)	10,570,079	129,004,721	--	--
Other financial assets	12,643,290	79,449,944	502	--
Cash and cash equivalents	53,457,191	7,020,219	--	--
	<u>667,850,730</u>	<u>526,215,499</u>	<u>502</u>	<u>--</u>
Financial liabilities				
Long-term bank borrowings	116,400,307	--	--	--
Short-term bank borrowings	12,249,241	36,494,369	--	--
Trade and other payables	89,173,342	90,993,634	--	--
Lease liabilities (current and non-current)	242,914	463,417	--	--
Derivative financial liabilities	--	--	--	7,799
	<u>218,065,804</u>	<u>127,951,420</u>	<u>--</u>	<u>7,799</u>

DABUR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Management of risks

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed.

The primary risks to which the business is exposed, which are unchanged from the previous year, comprise credit risks, liquidity risks and market risks (including currency risks, cash flow interest rate risks and fair value interest rate risks).

Credit risk is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up. As part of the Company's credit risk management, where it is considered necessary, such receivables are covered by post-dated cheques and letters of credit in favour of the Company, issued by high credit quality financial institutions.

Management continuously monitors its cash flows to determine its cash requirements and makes comparison with its funded and un-funded facilities with banks in order to manage exposure to liquidity risk.

The Company also buys and sells goods and services in foreign currencies. Exposure to foreign currency transactions is minimised where possible by denominating such transactions in US Dollar to which the UAE Dirham is pegged.

Borrowing facilities are regularly reviewed to ensure that the Company obtains the best available pricing, terms and conditions on its borrowings.

Exposures to the aforementioned risks are detailed below:

Credit risk

Financial assets that potentially expose the Company to concentrations of credit risk comprise principally loans to related parties, investments in debt instruments, bank accounts and trade and other receivables.

The Company's bank accounts and investments in quoted bonds are placed with high credit quality financial institutions.

Loans to related parties are stated net of allowance for doubtful recoveries. At the reporting date, the entire loans are due from related parties in the UAE.

Trade and other receivables are stated net of the allowance for doubtful recoveries. At the reporting date, the Company's maximum exposure to credit risk from trade receivables situated outside the UAE is as follows:

DABUR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2022 AED	2021 AED
Trade receivables		
Middle East countries	18,808,183	48,535,970
Indian sub-continent	3,892,712	2,826,583
Africa	1,917,698	3,344,282
Australia and Far East countries	1,222,649	888,744
Other Asian countries	1,370,372	2,455,730
European countries	7,690,231	7,641,724
North and South America	4,420,328	4,160,848

The Company's customers comprise duly appointed distributors of food and health care products. Out of the total trade receivables, 24% was due from two customers (previous year 26% was due from two customers).

The Company uses an allowance matrix to measure the expected credit losses of trade receivables, which comprise a very large number of small balances. Loss rates are calculated using a 'flow rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Flow rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region, age of customer relationship and type of product purchased. Based on the assessment, the management believes that the impairment requirement under IFRS 9 does not have any significant impact on the financial statements.

Currency risk

There are no significant currency risks as substantially all financial assets and financial liabilities are denominated in UAE Dirhams or US Dollars to which the Dirham is fixed, except for the following:

	2022 AED	2021 AED
Trade and other receivables		
Pound Sterling	5,693,362	3,725,499
Short-term borrowings		
Pound Sterling	--	64,794

At the reporting date, if the above-mentioned currencies had been weaker or stronger against the Dirham by 1%, profit for the year and equity would have been lower or higher by AED 56,934 (previous year AED 37,903).

Interest rate risk

Fixed deposit accounts, loans to related parties and investments in quoted bonds are subject to fixed interest rates at levels generally obtained in the UAE and are therefore exposed at fair value interest rate risk.

DABUR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Bank loans and overdrafts are at floating interest rates at levels which are generally obtained in the UAE and therefore are exposed to cash flow interest rate risk. To manage interest rate risk on a term loan, the Company has entered into interest rate swaps, in which the Company agreed to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations. At the reporting date, the Company had outstanding interest rate swap contracts with a notional amount of USD 14.50 million (AED 53.24 million) [previous year USD 8 million (AED 29.38 million)]. For the remaining, if interest rates had been 1% higher or lower, interest expense on variable rate debt would have been AED 16,372 (previous year AED 71,841) lower or higher resulting in equity being lower or higher by AED 16,372 (previous year AED 71,841) as at the reporting date.

Forward exchange contracts

Foreign currency future contracts

At the reporting date, the Company holds foreign currency forward contracts to cover exposure against GBP 1,541,887 (previous year GBP 1,393,402 and EURO 600).

Fair values

The 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. The fair values of the Company's financial assets and financial liabilities which are required to be stated at cost or at amortised cost approximate to their carrying values.

The fair values of cash and cash equivalents, trade and other receivables, other financial assets, short-term loans to related parties, short-term borrowings, trade and other payables and amounts due to related parties approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to determine the fair values of other financial assets/liabilities:

- Fair values of long-term loans to related parties are evaluated by the Company using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible inputs are based on parameters such as interest rates, specific country risk factors, individual credit worthiness of the customers and credit risks characteristics. As at the reporting date, the carrying amounts of such receivables, net of provisions, are not materially different from their fair values, except for long-term loans to related parties, which due to their terms, have fair values lower than their carrying values.
- Fair values of non-current lease liabilities are estimated by discounting future cash flows using rates currently available for debts on similar items, credit risk and remaining maturities. As at the reporting date, the carrying amounts of such liability, is not materially different from their fair values.

DABUR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

- The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Interest rate swaps, foreign exchange forward contracts and commodity forward contracts are valued using valuation techniques, which employ the use of market observable inputs.
- The quoted debt instruments are valued based on the active market quotations for the instrument.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

	Level 1		Level 2		Level 3		Total	
	2022 AED	2021 AED	2022 AED	2021 AED	2022 AED	2021 AED	2022 AED	2021 AED
Derivative financial liabilities	(502)	7,799	--	--	--	--	(502)	7,799

	2022 AED	2021 AED
35. CONTINGENT LIABILITIES		
Bankers' letters of guarantee (note 10)	2,986,000	2,987,510
Corporate bank guarantees issued	23,179,846	27,093,668
Letter of support issued	--	14,829,080
Stand-by letters of credit issued	3,672,000	1,836,000

36. COMPARATIVE INFORMATION

Previous year's figures have been regrouped/reclassified wherever necessary to present more fairly, the state of affairs/results of operations.

For **DABUR INTERNATIONAL LIMITED**



DIRECTOR

