

**DABUR CONSUMER CARE (PRIVATE)  
LIMITED**

**FINANCIAL STATEMENTS  
TOGETHER WITH AUDITOR'S REPORT**

**FOR THE YEAR ENDED  
31 MARCH 2022**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DABUR CONSUMER CARE (PRIVATE) LIMITED**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Dabur Consumer Care (Private) 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 Sri Lanka Accounting Standards.

#### **Basis for Opinion**

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements of the Code of Ethics issued by CA Sri Lanka (“Code of Ethics”) that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other Information**

Management is responsible for the other information. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As management does not present other information and we were not provided with any, 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 Sri Lanka Accounting Standards, and for such internal control as the 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 SLAuSs 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 SLAuSs, 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

As required by Section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as it appears from our examination, proper accounting records have been kept by the Company.

*SJMS Associates*

**SJMS ASSOCIATES**  
Chartered Accountants  
Colombo  
07 May 2022



**DABUR CONSUMER CARE (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2022**

	Note	2021/2022 Rs.	2020/2021 Rs.
Other income	3	1,931,229	2,966,897
		<u>1,931,229</u>	<u>2,966,897</u>
Employee benefit expenses	4	(4,010,935)	(4,443,280)
Finance costs	5	(6,257)	(7,721)
Other expenses	6	(1,258,646)	(9,104,635)
<b>Total expenses</b>		<u><b>(5,275,838)</b></u>	<u><b>(13,555,635)</b></u>
<b>Loss before tax</b>		<b>(3,344,609)</b>	<b>(10,588,739)</b>
<b>Tax expense</b>			
- Current tax	7	-	-
<b>Loss for the year</b>		<b>(3,344,609)</b>	<b>(10,588,739)</b>
<b>Other comprehensive income / (expense), net of income tax</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>		-	-
<i>Items that may be reclassified subsequently to profit or loss</i>		-	-
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive expense for the year</b>		<u><b>(3,344,609)</b></u>	<u><b>(10,588,739)</b></u>
<b>Loss per share</b>	8	<u><b>(0.26)</b></u>	<u><b>(0.83)</b></u>

The accounting policies and notes from 01 to 21 form an integral part of these financial statements.



**DABUR CONSUMER CARE (PRIVATE) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2022**

	Note	31.03.2022 Rs.	31.03.2021 Rs.
<b>Assets</b>			
<b>Current assets</b>			
Prepayment and advances		301,355	-
Short term deposits	9	34,172,869	41,067,040
Income tax receivable	10	296,658	296,658
Cash and cash equivalents	11	5,059,556	665,759
<b>Total assets</b>		<u><u>39,830,438</u></u>	<u><u>42,029,457</u></u>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Stated capital	12	126,912,370	126,912,370
Advance received for shares		5	5
Accumulated losses		(89,944,880)	(86,600,271)
<b>Total equity</b>		<u><u>36,967,495</u></u>	<u><u>40,312,104</u></u>
<b>Current liabilities</b>			
Other payables	13	240,335	-
Accrued expenses	14	2,622,606	1,717,351
Short term borrowings	15	2	2
<b>Total liabilities</b>		<u><u>2,862,943</u></u>	<u><u>1,717,353</u></u>
<b>Total equity &amp; liabilities</b>		<u><u>39,830,438</u></u>	<u><u>42,029,457</u></u>

I certify that the financial statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

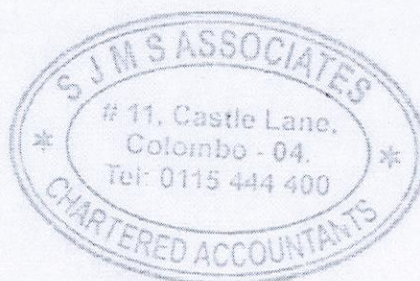
  
Dinesh Madusanka

The Board of Directors is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the Board by the following on 07 May 2022.

  
Director

  
Director

The accounting policies and notes from 01 to 21 form an integral part of these financial statements.



**DABUR CONSUMER CARE (PRIVATE) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2022**

	Stated capital	Advance received for shares	Accumulated losses	Total
	Rs.	Rs.	Rs.	Rs.
<b>Balance as at 01 April 2020</b>	126,912,370	5	(76,011,532)	50,900,843
Loss for the year	-	-	(10,588,739)	(10,588,739)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive expense for the year	<u>-</u>	<u>-</u>	<u>(10,588,739)</u>	<u>(10,588,739)</u>
<b>Balance as at 31 March 2021</b>	<b><u>126,912,370</u></b>	<b><u>5</u></b>	<b><u>(86,600,271)</u></b>	<b><u>40,312,104</u></b>
Loss for the year	-	-	(3,344,609)	(3,344,609)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive expense for the year	<u>-</u>	<u>-</u>	<u>(3,344,609)</u>	<u>(3,344,609)</u>
<b>Balance as at 31 March 2022</b>	<b><u>126,912,370</u></b>	<b><u>5</u></b>	<b><u>(89,944,880)</u></b>	<b><u>36,967,495</u></b>

The accounting policies and notes from 01 to 21 form an integral part of these financial statements.



**DABUR CONSUMER CARE (PRIVATE) LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

	Note	2021/2022 Rs.	2020/2021 Rs.
<b>Cash flows from operating activities</b>			
Loss before tax		(3,344,609)	(10,588,739)
<b>Adjustments for:</b>			
Interest income from short term fixed deposits	3	(1,895,244)	(2,966,897)
Impairment of trade receivables		-	4,119,356
Impairment of VAT receivables		-	4,006,051
Operating loss before working capital changes		<u>(5,239,853)</u>	<u>(5,430,228)</u>
Decrease in prepayments and advances		(301,355)	201,762
Decrease in trade and other receivables		-	(35,985)
Increase/ (decrease) in other payables		240,335	(2,167)
Increase/ (decrease) in accrued expenses		905,256	1,026,747
Cash generated from/ (used in) operations		<u>(4,395,617)</u>	<u>(4,239,871)</u>
Tax paid	7	-	-
Net cash generated from/ (used in) operating activities		<u>(4,395,617)</u>	<u>(4,239,871)</u>
<b>Cash flows from investing activities</b>			
Interest income from short term fixed deposits		1,895,244	3,406,847
Net of investment made in short term deposits		6,894,170	1,079,485
Net cash from investing activities		<u>8,789,414</u>	<u>4,486,332</u>
<b>Cash flows from financing activities</b>			
Short term loans repaid during the year		-	-
Net cash used in financing activities		<u>-</u>	<u>-</u>
Net increase/ (decrease) in cash and cash equivalents during the period		4,393,797	246,461
Cash and cash equivalents at the beginning of the year	16.1	665,757	419,296
Cash and cash equivalents at the end of the year	16.2	<u>5,059,554</u>	<u>665,757</u>

The accounting policies and notes from 01 to 21 form an integral part of these financial statements.



**DABUR CONSUMER CARE (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

**1. Corporate information**

**1.1 Domicile and legal form**

Dabur Consumer Care (Private) Limited is a limited liability company incorporated and domiciled in Sri Lanka on 19 April 2013. The registered office of the company is in Level 14, West Tower, World Trade Centre, Echelon Square, Colombo 01.

**1.2 Principal activities and nature of operations**

The principal activities of the company were importing and re-selling strictly on wholesale basis, all types of consumer care products such as health care, home care, personal care and food items to the local market. However, the company had not carried out any operations during the year.

**1.3 Parent enterprise**

The company's immediate parent undertaking is Dabur International Ltd. In the opinion of the Directors, the company's ultimate parent undertaking is Dabur India Ltd.

**1.4 Date of authorization for issue**

The financial statements of the company for the year ended 31 March 2022 were authorized for issue by the directors on 07 May 2022.

**2.1 Basis of preparation**

The financial statements of the company are prepared in conformity with the Sri Lanka Accounting Standards.

These financial statements have been prepared and presented in Sri Lankan rupees. The financial statements have been prepared on a historical cost basis except for recognition of impairment losses, if any. No adjustment has been made for inflationary factors affecting these financial statements.

**2.1.1 Going concern**

When preparing the financial statements, the directors have made an assessment of the ability of the company to continue as a going concern in the foreseeable future and they do not foresee a need for liquidation, cessation of trading or materially curtailing the scale of operations taking into account all available information about the future.

The management of the Company is of the view that the Company needs to introspect on the business model and product that it needs to sell by which the business becomes a sustainable. Hence, the Company is working on various options of business model for local market requirements.

**2.1.2 Statement of compliance**

The financial statements of the company as at 31 March 2022 and for the year then ended, comply with Sri Lanka Accounting Standards (LKAS and SLFRSs) issued by the Institute of Chartered Accountants of Sri Lanka., and the requirements of the Companies Act No.07 of 2007.





### **2.1.2 Significant accounting judgments, estimates and assumptions**

The preparation of financial statements in conformity with LKASs and SLFRSs requires management to make judgments, estimates and assumptions that influence the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. In the selection and application of the company's accounting policies, which are described below, the directors are required to make judgments and assumptions and use assumptions in measuring items reported in the financial statements. These estimates are based on management's knowledge of current facts and circumstances, and assumptions based on such knowledge and expectations of future events. Actual results may differ from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods as well, if the revision affects both current and future periods.

In the process of applying the Company's accounting policies management has made the following judgements, estimates and assumptions which have most significant effect on the amounts recognized in the financial statements.

#### **a) Loss allowance on financial assets**

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, recognises a loss allowance at each reporting date. The Company has established a provision methodology that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Revisions to accounting estimates are dealt with in accordance with LKAS 08 Accounting Policies, Changes in Accounting Estimates and Errors.

## **2.2 Summary of significant accounting policies**

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

### **2.2.1 Income statement**

#### **2.2.1.1 Revenue**

Revenue is measured based on the consideration to which the company expects to be entitled in respect of the sale of goods. The company recognizes revenue when it transfers control of a product to a customer.

For sale of goods, revenue is recognized when control of the goods has transferred, being when the goods have been shipped to the buyer.

The company had not carried out any operations since previous financial year. Therefore, revenue has not been recognized in the financial statements.

#### **2.2.1.2 Interest income**

Interest income is recognized using the Effective Interest Rate (EIR) method.

#### **Other income**

Other income is recognized on an accrual basis.

#### **2.2.1.3 Expenditure recognition**

All expenditure incurred in the running of the business and in maintaining the capital assets in a state of efficiency is charged to revenue in arriving at the profit/(loss) for the year.

For the purpose of presentation of the statement of profit or loss, the "nature of expenses" method has been adopted, on the basis that it presents fairly the elements of the company's performance.

#### 2.2.1.4 Income taxes

Income tax expense represents the sum of taxes currently payable and deferred.

##### (a) Current taxes

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and its subsequent amendments.

##### (b) Deferred taxes

Deferred tax is provided using the liability method, on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credit and unused tax losses only, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that is no longer probable that enough taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recoverable.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realized or liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted as at the statement of financial position. Deferred tax relating to items recognized directly in equity is recognized equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### 2.2.1.5 Earnings/ (loss) per share (EPS)

The company presents basic Earnings/ (Loss) Per Share (EPS) based on profit or loss attributable to the ordinary shareholders. Basic EPS/Loss per share is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

#### 2.2.1.6 Financial assets

##### a) Initial recognition

The company initially recognizes trade and other receivables on the date that they are originated. All other financial assets are recognized initially on the trade date at which the company becomes a party to the contractual provisions of the instruments.

The company derecognizes a financial asset when the contractual rights to cash flows from the asset expire, or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred.

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

The company has only trade and other receivables, short term deposits and cash and bank balances as financial assets.



**b) Classification and subsequent measurement**

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI or FVTPL.

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

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount of outstanding.
- A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as a FVTPL:
  - it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
  - its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial assets - Subsequent measurement and gains and losses.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

**c) Impairment of financial assets**

**Financial assets carried at amortized cost**

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

For other receivables, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding expected credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of profit or loss. Cash flows relating to other receivables falling due within a period of less than one year are not discounted if the effect of discounting is immaterial.

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

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments which are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks, net of outstanding bank overdrafts.

### **2.2.1.9 Stated capital**

Ordinary shares are classified as equity.

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

### **2.2.1.10 Liabilities and provisions**

#### **2.2.1.10.1 Financial liabilities**

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

All financial liabilities are recognized initially at their fair values and subsequently measured at amortized cost, using the effective interest rate method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

All known liabilities as at the reporting date are included in the financial statements and adequate provision has been made for liabilities which are known to exist but the amount of which cannot be determined accurately.

#### **2.2.1.10.2 Employee retirement benefits**

##### **(a) Defined contribution plan - Employees' Provident Fund and Employees' Trust Fund**

All employees of the company are members of the Employees' Provident Fund and the Employees' Trust Fund, to which the company contributes 12% and 3% respectively of such employees' basic or consolidated wage or salary.

The company's contributions to the defined contribution plans are charged to the profit or loss in the year to which they relate.

#### **2.2.1.10.3 Provision**

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **2.2.1.10.4 Foreign currency transactions**

All transactions in foreign currencies are converted to Sri Lanka Rupees (LKR) which is the functional currency, at the rates of exchange prevailing at the time the relevant transactions were affected. Monetary assets and liabilities denominated in foreign currencies are retranslated to Sri Lanka Rupees equivalents using the exchange rate ruling at the date of the balance sheet. The resulting gains and losses if any are accounted for in the statement of comprehensive income.



	<b>2021/2022</b>	<b>2020/2021</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>3. Other income</b>		
Interest income	1,895,244	2,966,897
Reversal of over provision	35,985	-
	<u>1,931,229</u>	<u>2,966,897</u>
<b>4. Employee benefit expenses</b>		
Salaries, wages and bonus	3,713,299	3,588,342
Contribution to provident and other funds	297,636	854,938
	<u>4,010,935</u>	<u>4,443,280</u>
<b>5. Finance costs</b>		
Bank charges	6,257	7,714
Interest cost	-	7
	<u>6,257</u>	<u>7,721</u>
<b>6. Other expenses</b>		
Legal and professional	879,477	534,913
General charges	-	4,117,189
Auditor's remuneration	355,169	216,000
Insurance	-	201,762
Rates and taxes	-	4,010,771
Telephone and fax expenses	24,000	24,000
	<u>1,258,646</u>	<u>9,104,635</u>
<b>7. Income tax expense</b>		
Current tax expenses	-	-
<b>7.1 Reconciliation between current tax expenses and the accounting loss is shown below:</b>		
Loss before tax from continuing operations	<u>(3,344,609)</u>	<u>(10,588,739)</u>
Income tax expenses calculated at 24% (2021/22 : 28%)	(802,706)	(2,964,847)
Effect of income tax on interest income	1,895,244	830,731
Effect of the income tax on taxable loss	<u>1,092,538</u>	<u>(2,134,116)</u>
Total assessable income from Investment Income	(1,895,244)	(830,731)
Tax loss set off against total assessable income	<u>1,895,244</u>	<u>830,731</u>
Income tax expense recognized in profit or loss (relating to continuing operations)	-	-

**7.2** The company has incurred a tax loss during the current year amounting to Rs. 5,275,838 (31 March 2020 - Rs. 9,549,585) and Rs. 1,895,244 has been utilized against the tax on investment income. Thereby, the carried forward tax loss as of 31 March 2022 is Rs. 78,744,844 (31 March 2021- Rs. 75,364,250).

**7.3 Deferred tax**

The company has not recognized a deferred tax asset arising from unused carried forward tax losses due to the uncertainty of future taxable profits, against which the asset can be utilized. The unrecognized deferred tax asset as at 31 March 2022 was Rs.18,898,762.



**8. Loss per share**

Loss per share is based on the loss after taxation attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period.

	<b>2021/2022</b>	<b>2020/2021</b>
	<b>Rs.</b>	<b>Rs.</b>
Loss attributable to shareholders	(3,344,609)	(10,588,739)
Weighted average number of shares in issue during the year	12,691,237	12,691,237
Basic loss per share	<u>(0.26)</u>	<u>(0.83)</u>

**9. Short term deposits**

Fixed deposits- Sampath Bank PLC (1 year)

	<b>31.03.2022</b>	<b>31.03.2021</b>
	<b>Rs.</b>	<b>Rs.</b>
	<u>34,172,869</u>	<u>41,067,040</u>

**10. Income tax receivable**

Opening balance

Less:

Withholding tax

Balance as at period end

	296,658	93,105
	-	203,552
	<u>296,658</u>	<u>296,658</u>

The WHT recoverable is expected to be recovered in future.

**11. Cash and cash equivalents**

Sampath Bank PLC - current a/c

Sampath Bank PLC - savings a/c

Cash in hand

	20,000	20,000
	5,039,556	625,759
	-	20,000
	<u>5,059,556</u>	<u>665,759</u>

**12. Stated capital**

Issued and fully paid ordinary shares at Rs.10 each (No. of shares 12,691,237)

	<u>126,912,370</u>	<u>126,912,370</u>
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**13. Other payables**

Non-trade payables

	240,335	-
	<u>240,335</u>	<u>-</u>



	31.03.2022 Rs.	31.03.2021 Rs.
<b>14. Accrued expenses</b>		
Salary payable	961,044	933,784
EPF &ETF payable	39,717	40,360
Outstanding liabilities	1,612,017	735,113
PAYE payable	9,803	8,069
Stamp duty payable	25	25
	<u>2,622,606</u>	<u>1,717,351</u>
<b>15. Short term borrowing</b>		
Bank overdraft - Citi Bank	<u>2</u>	<u>2</u>
	<u>2</u>	<u>2</u>
<b>16. Notes to the cash flow statement</b>		
<b>16.1 Cash and cash equivalents at the beginning of the year</b>		
Cash and bank balances	665,759	419,584
Bank overdrafts	(2)	(288)
	<u>665,757</u>	<u>419,296</u>
<b>16.2 Cash and cash equivalents at the end of the year</b>		
Cash and bank balances	5,059,556	665,759
Bank overdrafts	(2)	(2)
	<u>5,059,554</u>	<u>665,757</u>

**17. Financial risk management**

**Financial risk factors**

The company is exposed to a number of financial risks: credit risk, liquidity risk, market risk (including foreign currency risk, interest rate risk and price risk). The company's overall risk management programme focuses on the unpredictability of financial risks and seeks to minimize potential adverse effects on the company's financial performance. Risk management is performed by the group finance department under specific policies approved by the Board of Directors.

**Credit risk**

Major risk in this regard arises from trade receivables, which are subject to credit limits, control and approval procedures to minimize the extent of the company's financial exposure.

Credit limits for local market are based on credit policy approved by the finance department.

The requirement for impairment is analysed at each reporting date on an individual basis for customers.

**Liquidity risk**

Liquidity risk arises when a company encounters difficulties in meeting commitments associated with liabilities and other payment obligations. The company's objective is to manage this risk by limiting exposures in the instruments that may be affected by liquidity problems and maintaining sufficient back-up facilities.



**17. Financial risk management (Contd.)**

**Interest rate risk**

The company does not face any major interest rate risk as there are no long term borrowings.

**Capital risk management**

A capital risk does not exist as the total equity has been contributed by the parent company.

**18. Related party disclosures**

**18.1 Transactions with related parties**

The company carries out transactions in the ordinary course of business with related parties. However, during the current financial year there were no related party transactions.

**18.2 Transactions with Key Management Personnel**

Key management personnel include members of the Board of Directors of the company and other employees having authority and responsibility for planning, directing and controlling the activities of the company. The directors during the year are as follows :

Mr. Pritam Das Narang  
Mr. Mohit Malhotra  
Mr. Sandeep Kanswa  
Mr. Rakesh Kumar Agarwal (Resigned w.e.f 09.08.2021)  
Mr. Shashiranjan Mishra (Appointed w.e.f 09.08.2021)  
Mr. Birendra Kumar Jha (Resigned w.e.f 13.05.2021)  
Mr. Abhijit Santhra (Appointed w.e.f 17.11.2021)

**Compensation of Key Management Personnel**

There are no short term remuneration or other long term benefits and payments made to key management personnel during the year.

**19. Events after the reporting period**

There were no significant events subsequent to the end of the reporting period which would have any material effect on the financial statements.

**20. Capital commitments and contingencies**

There were no material capital commitments and/ or contingencies as at the end of the reporting period.

**21. Impact of COVID-19**

The management has considered the possible effects, if any, that may result from the pandemic relating to COVID -19 on the carrying amounts of trade receivables, inventories and fixed assets. In developing the assumptions and estimates relating to the uncertainties as at the reporting date in relation to the recoverable amounts of these assets, the management has considered the global economic conditions prevailing as at the date of approval of these financial statements and has used internal and external sources of information to the extent determined by it. The management concluded that the range of possible outcomes considered at arriving at this judgment does not give rise to material uncertainties related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

