

HAIR CREDENTIALS ZAMBIA LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

Hair Credentials Zambia Limited
Annual report and financial statements
For the year ended 31 March 2026

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COMPANY INFORMATION

BOARD OF DIRECTORS

: Nitish Patel
: Ashish Kaushal
: Vini Jain
: Ganesh Bharani Krishnan

**REGISTERED OFFICE AND PRINCIPAL
PLACE OF BUSINESS**

: Plot 7461
: Off Lumumba Road
: Corner of Nchoncho and Washama Roads
: P.O. Box 32256
: Lusaka, Zambia

AUDITORS

: PKF Zambia Chartered Accountants
: Sable House, Plot 10 Sable Road
: Kabulonga
: Lusaka, Zambia

COMPANY SECRETARY

: Corpus Globe Corporate Solutions Limited
: Stand No. 22768
: Acacia Park, Building 3
: Thabo Mbeki Road
: P.O. Box 39371
: Lusaka, Zambia

PRINCIPAL BANKERS

: Absa Bank Zambia Plc
: Elunda Office Park Plot No. 4643/4644
: Private Bag E308
: Addis Ababa Roundabout, Rhodes Park
: Lusaka, Zambia

LEGAL ADVISORS

: Mosha & Company Legal Practitioners
: Manda Hill Road
: Lusaka, Zambia.

ULTIMATE PARENT

: Godrej Tanzania Holdings Limited
: (Representing a direct shareholding of
: 99.99% in Hair Credentials Zambia Limited)
: Incorporated in Mauritius

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REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the year ended 31 March 2026, which disclose the state of affairs of the Company.

PRINCIPAL ACTIVITY

The principal activity of the Company is manufacturing and sale of synthetic hair extensions, hair care, home care and skin care products.

RESULTS	2026 ZMW	2025 ZMW
Profit before tax	8,224,192	16,533,730
Tax charge	<u>(2,776,376)</u>	<u>(4,512,640)</u>
Profit for the year	<u><u>5,447,816</u></u>	<u><u>12,021,090</u></u>

DIVIDEND

The directors do not recommend the declaration of a dividend for the year (2025: Nil).

DIRECTORS

The directors who held office during the year and to the date of this report are shown on page 1.

In accordance with the Company's Articles of Association, no director is due for retirement by rotation.

INDEPENDENT AUDITOR

The Company's auditors, PKF Zambia Chartered Accountants, were appointed during the year and have indicated their willingness to continue in office in accordance with the Zambian Companies Act No. 10 of 2017. A resolution to re-appoint PKF Zambia Chartered Accountants, as auditor will be put to the Annual General Meeting.

OTHER

In accordance with Section 249 and 277 of the Zambian Companies Act No. 10 of 2017 the board of directors also report that during the year:

- audit fees amounted to ZMW 265,000 (2024: ZMW 259,000).
- the Company did not make any payments relating to donations and directors' fees.

BY ORDER OF THE BOARD

DocuSigned by:

Vini Jain

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**DIRECTOR
LUSAKA**

Date: 15-May-2026 | 16:37 IST

DocuSigned by:

[Signature]

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15-May-2026 | 21:24 IST

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

The *Zambian Companies Act, 2017* Section 246, requires the directors to prepare financial statements for each financial year which:

- i. correctly record and explain the transactions of the company; and
- ii. enable the financial position of the company to be determined with reasonable accuracy.

The directors accept responsibility for the preparation and fair presentation of the financial statements in accordance with the *International Financial Reporting Standard* and the requirements of the *Zambian Companies Act, 2017*.

They also accept responsibility for:

- i. Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii. Selecting and applying appropriate accounting policies;
- iii. Making accounting estimates and judgements that are reasonable in the circumstances; and
- iv. Safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are of the opinion that the financial statements give a true and fair view of the financial position of the company as at 31 March 2026 and of its financial performance and cash flows for the year then ended in accordance with *International Financial Reporting Standard* and the requirements of the *Zambian Companies Act, 2017*.

Having made an assessment of the company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the company's ability to continue as a going concern.

Approved by the board of directors on 15-May-2026 | 16:37 IST and were signed on its behalf by:

DocuSigned by:

58182299D9904FC...
DIRECTOR

DocuSigned by:

9405B2A2CA93449...
DIRECTOR

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF HAIR CREDENTIALS ZAMBIA LIMITED**Opinion**

We have audited the financial statements of Hair Credentials Zambia Limited (the Company) set out on pages 7 to 34, which comprise the statement of financial position as at 31 March 2026 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 2026, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Zambian Companies Act No. 10 of 2017.

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 Zambia, 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.

Other information

The directors are responsible for the other information. The other information comprises the Company information, report of the directors, schedule of production costs and the schedule of expenditure but does not include the financial statements and our report of the independent auditor 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.

We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS and the requirements of the Zambian Companies Act No. 10 of 2017 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF HAIR CREDENTIALS ZAMBIA LIMITED (CONTINUED)

Responsibilities of Directors for the Financial Statements (continued)

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- i. 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 override of internal control.
- ii. 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 appropriateness of the Company's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- iv. Conclude on the appropriateness of director'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 report of the independent auditor 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.
- v. 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 OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF HAIR CREDENTIALS ZAMBIA LIMITED
(CONTINUED)**

Report on other legal and regulatory requirements

Zambian Companies Act No.10 of 2017

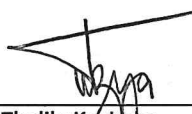
As required by the Zambian Companies Act 2017 Section 259 (3) we report to you, based on our audit, that:

- i. PKF Zambia Chartered Accountants, as Auditor of the Company, do not have any relationship, interest or debt with the Company.
- ii. we have not noted any serious breaches of corporate governance principles or practice by the directors.

The engagement partner responsible for the audit resulting in this report of the independent auditor is Thulile Kavimba - membership number AUD/F008077.

PKF ZAMBIA
Chartered Accountants

10 MAY 2026
Our Reference: AR/LSK/051/26


Thulile Kavimba

Hair Credentials Zambia Limited
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2026 ZMW	2025 ZMW
Revenue	2	310,458,199	235,169,318
Cost of sales		<u>(196,056,427)</u>	<u>(160,101,598)</u>
Gross profit		114,401,773	75,067,720
Other operating income	3	7,554,823	712,288
Selling and distribution expenses		(10,763,587)	(5,948,485)
Administrative expenses		(91,586,204)	(44,601,863)
Other operating expenses		<u>(11,154,364)</u>	<u>(8,671,981)</u>
Operating loss	4	8,452,440	16,557,680
Finance costs	6	<u>(228,249)</u>	<u>(23,950)</u>
Profit before tax		8,224,192	16,533,730
Tax charge	7	<u>(2,776,376)</u>	<u>(4,512,640)</u>
Profit for the year		<u>5,447,816</u>	<u>12,021,090</u>
Total comprehensive loss for the year, net of tax		<u>5,447,816</u>	<u>12,021,090</u>

The notes on pages 11 to 34 form an integral part of these financial statements.

Report of the independent auditor - pages 4, 5 and 6.

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STATEMENT OF FINANCIAL POSITION

		As at 31 March	
		2026 ZMW	2025 ZMW
CAPITAL EMPLOYED	Notes		
Share capital	8	20,050	20,050
Share premium	9	46,696,210	46,696,210
Retained earnings		28,619,136	23,142,314
Equity attributable to owners of the Company		<u>75,335,396</u>	<u>69,858,574</u>
Non-current liabilities			
Deferred tax	10	1,198,403	1,304,905
		<u>1,198,403</u>	<u>1,304,905</u>
		<u>76,533,799</u>	<u>71,163,479</u>
REPRESENTED BY			
Non-current assets			
Property, plant and equipment	11	10,524,526	8,508,263
Intangible assets	12	1,998,241	2,229,366
		<u>12,522,767</u>	<u>10,737,629</u>
Current assets			
Inventories	13	61,113,599	49,522,254
Trade and other receivables	14	67,552,139	76,713,190
Cash and cash equivalents	15	5,765,062	5,111,058
		<u>134,430,800</u>	<u>131,346,502</u>
Current liabilities			
Trade and other payables	16	75,965,734	62,437,454
Current tax	7	(5,545,966)	8,483,199
		<u>70,419,768</u>	<u>70,920,653</u>
Net current assets		<u>64,011,032</u>	<u>60,425,850</u>
		<u>76,533,799</u>	<u>71,163,479</u>

The financial statements on pages 7 to 34 were approved and authorised for issue by the board of directors on _____ and were signed on its behalf by:

DocuSigned by:

 _____ **DIRECTOR**

DocuSigned by:

 _____ **DIRECTOR**

The notes on pages 11 to 34 form an integral part of these financial statements.

Report of the independent auditor - pages 4, 5 and 6.

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STATEMENT OF CHANGES IN EQUITY

	Ordinary Share Capital ZMW	Share premium ZMW	Retained earnings /(Accumulated loss) ZMW	Total ZMW
Year ended 31 March 2026				
At start of year	20,050	46,696,210	23,142,314	69,858,574
Prior year adjustment	-	-	29,007	29,007
Total comprehensive income for the year				
- Profit for the year	-	-	5,447,816	5,447,816
At end of year	<u>20,050</u>	<u>46,696,210</u>	<u>28,619,136</u>	<u>75,335,396</u>
Year ended 31 March 2025				
At start of year	20,050	46,696,210	11,121,224	57,837,484
Total comprehensive income for the year				
- Profit for the year	-	-	12,021,090	12,021,090
At end of year	<u>20,050</u>	<u>46,696,210</u>	<u>23,142,314</u>	<u>69,858,574</u>

The notes on pages 11 to 34 form an integral part of these financial statements.

Report of the independent auditor - pages 4, 5 and 6.

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STATEMENT OF CASH FLOWS

	Notes	2026 ZMW	2025 ZMW
Operating activities			
Cash generated from operations	17	21,765,298	3,709,095
Interest paid	6	(228,249)	(23,950)
Tax paid	7	(16,912,044)	(2,592,914)
Net cash generated from/(used in) operating activities		4,625,005	1,092,231
Investing activities			
Cash paid for purchase of property, plant and equipment	11	(4,298,773)	(3,940,667)
Cash paid for purchase of intangible assets	12	(242,395)	(2,229,413)
Proceeds from disposal of property, plant and equipment	11	570,166	2,165
Net cash used in investing activities		(3,971,002)	(6,167,914)
Financing activities			
Proceeds from bank overdraft		-	-
Net cash from financing activities		-	-
Increase /(Decrease) in cash and cash equivalents		654,003	(5,075,684)
Movement in cash and cash equivalents			
At start of year	15	5,111,058	10,186,742
Increase/ (Decrease) in cash and cash equivalents		654,003	(5,075,684)
Effect of exchange rate changes		-	-
At end of year	15	5,765,061	5,111,058

The notes on pages 11 to 34 form an integral part of these financial statements.

Report of the independent auditor - pages 4, 5 and 6.

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NOTES

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted 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.

These financial statements comply with the requirements of the Zambian Companies Act No.10 of 2017.

a) Basis of preparation

The financial statements have been prepared under the historical cost convention, except as indicated otherwise below and are in accordance with International Financial Reporting Standards (IFRS). The historical cost convention is generally based on the fair value of the consideration given in exchange of assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Transfer between levels of the fair value hierarchy are recognised by the directors at the end of the reporting period during which the change occurred.

Going concern

The financial performance of the Company is set out in the director's report and in the statement of profit or loss and the other comprehensive income. The financial position of the Company is set out in the statement of financial position. Disclosures in respect of risk management are set out in note 21.

Based on the financial performance and position of the Company and its risk management policies, the directors are of the opinion that the Company is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

New standards, amendments and interpretations adopted by the Company

The following amendments which became effective from 1 January 2025, have been adopted but have not had a significant impact on the Company's financial statements.

The following, which became effective from 1 January 2025, have been adopted but have not had a significant impact on the Company's financial statements.

	Effective date: Years	
Standard/Interpretation:	beginning on or after	Expected impact:
Lack of exchangeability - amendments to IAS 21	1 January 2025	Unlikely there will be a material impact

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NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards, amendments and interpretations issued but not effective

At the date of authorisation of these financial statements the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective for the year presented:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments	1-Jan-26	
Amendments to IAS 7 Statement of Cash Flows	1-Jan-26	Unlikely there will be a material impact
Amendments to IFRS 10 Consolidated Financial Statements	1-Jan-26	Unlikely there will be a material impact
Amendment to IFRS 9 and IFRS 7	1-Jan-26	Unlikely there will be a material impact
Amendments to IFRS 9 Financial Instruments	1-Jan-26	Unlikely there will be a material impact
Amendments to IFRS 7 Financial Instruments: Disclosures	1-Jan-26	Unlikely there will be a material impact
Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards	1-Jan-26	Unlikely there will be a material impact
IFRS 18 Presentation and Disclosure in Financial Statements	1-Jan-27	Unlikely there will be a material impact
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1-Jan-27	Unlikely there will be a material impact
Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures	1-Jan-27	Unlikely there will be a material impact

The directors do not expect that adoption of these standards and interpretations will have a material impact on the financial statements in future periods. The company plans to apply the changes above from their effective dates.

b) Critical accounting estimates and judgement

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The directors have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- Measurement of expected credit losses (ECL):

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumption about future economic conditions and credit behaviour.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Critical accounting estimates and judgement (continued)

- Measurement of Expected Credit Losses (ECL) (continued):

ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument.

The measurement of ECLs are based primarily on the product of the instrument's Probability of Default (PD), Loss Given Default (LGD), and Exposure At Default (EAD).

The ECL model applied for financial assets, other than trade receivables, contains a three-stage approach that is based on the change in the credit quality of assets since initial recognition.

- Stage 1 - If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and a loss allowance that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded.
- Stage 2 - When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and a loss allowance that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to recognition of 12-month expected credit losses.
 - When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance equal to lifetime expected losses continues to be recorded or the financial asset is written off.

Assessment of significant increase in credit risk : The determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit or PD at the date of initial recognition. IFRS 9 however includes rebuttable presumptions that contractual payments are overdue by more than 30 days will represent a significant increase in credit risk (stage 2) and contractual payments that are more than 90 days overdue will represent credit impairment (stage 3). The company uses these guidelines in determining the staging of its assets unless there is persuasive evidence available to rebut these presumptions

For trade receivables, the company has applied the simplified model under IFRS 9 where lifetime expected credit loss allowance is recognised on the basis of a provisioning matrix.

- Useful lives and residual values of property, plant and equipment and intangible assets

Management reviews the useful lives and residual values of the items of property, plant and equipment and intangible assets on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values.

c) Revenue recognition

The Company recognises revenue from direct sales of synthetic hair extensions, hair care, home care and skin care products. The Company recognises revenue as and when it satisfies a performance obligation by transferring control of a product or service to a customer. The amount of revenue recognised is the amount the Company expects to receive in accordance with the terms of the contract, and excludes amounts collected on behalf of third parties, such as Value Added Tax.

i) Direct sales of synthetic hair extensions, hair care, home care and skin care products.

Sales of synthetic hair extensions, hair care, home care and skin care products are recognised upon delivery to, and acceptance by, the customer. Having accepted the goods, customers do not have the right to return them. There is no

variable element to the contract price, and payment, less any deposit already paid, is typically due within 30 days of delivery.

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NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Zambian Kwacha (the functional currency), at the rates ruling at the transaction dates. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. The resulting differences from conversion and translation are dealt with in profit or loss in the year in which they arise.

e) Property, plant and equipment

All property, plant and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation (except as stated below). Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Plant and machinery is measured at cost less accumulated depreciation and impairment losses. Expenditure on repairs and maintenance of plant and machinery made to restore or maintain future economic benefits expected from the asset is recognised as an expense.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Depreciation on all other assets is calculated on the straight line method to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates:

	<u>Rate %</u>
Computer equipment	33.3
Motor vehicles	25
Furniture and fittings	20
Plant and machinery	10
Office equipment	20

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss.

f) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately and are carried at cost less accumulated impairment losses.

i) Trade marks and licences

Trade marks and licences are shown at historical cost. Trade marks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over a period of 20 years to allocate the cost of trademarks and licences over their estimated useful lives.

ii) Computer software systems

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives which are estimated to be 6 years.

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NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Intangible assets (continued)

ii) Computer software systems (continued)

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include software development staff costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives which are estimated to be 6 years.

g) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible 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).

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

h) Financial instruments

Financial instruments are recognised when, and only when, the Company becomes party to the contractual provisions of the instrument. All financial assets are recognised initially using the trade date accounting which is the date the Company commits itself to the purchase or sale.

Financial assets

The Company classifies its financial assets into the following categories:

i) Amortised cost;

Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding and are not designated at Fair Value Through Profit or Loss (FVTPL), are classified and measured at amortised cost; The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured.

Trade and other receivables and cash and cash equivalents are classified as financial assets measured at amortised cost.

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NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Financial instruments (continued)

Financial assets (continued)

ii) Fair Value Through Other Comprehensive Income (FVTOCI) :

Financial assets that are held for collection of contractual cash flows where these cash flows comprise SPPI and also for liquidating the assets depending on liquidity needs and that are not designated at FVTPL, are classified and measured at value through other comprehensive income (FVTOCI). Movements in the carrying amount are taken through OCI, except for recognition of impairment gain or losses, interest revenue and foreign exchange gain and losses.

Gains and losses previously recognised in OCI are reclassified from equity to profit or loss on disposal of such instruments. Gains and losses related to equity instruments are not reclassified.

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Company has not identified a change in its business models.

De-recognition/write off

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the group has transferred substantially all risks and rewards of ownership, or when the group has no reasonable expectations of recovering the asset.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss.

Financial instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Impairment

The Company recognises loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are measured at amortised cost or at fair value through other comprehensive income (FVTOCI):

- Cash and cash equivalents
- Trade and other receivables
- Other financial assets

The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which:

- the credit risk has increased significantly since initial recognition; or
- there is observable evidence of impairment (a credit-impaired financial asset).

If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

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NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Financial instruments (continued)

Impairment (continued)

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the balance sheet date, those which management has the express intention of holding for less than 12 months from the reporting date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

Financial liabilities

Financial liabilities that are held for trading (including derivatives), financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured at fair value through profit or loss. The Company may also, on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

All other financial liabilities are classified and measured at amortised cost.

All financial liabilities are classified as non-current except those held for trading, those expected to be settled in the Company's normal operating cycle, those payable or expected to be paid within 12 months of the reporting date and those which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

Offsetting financial instruments

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

i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in-first-out (FIFO) method. The cost of finished goods includes all costs of purchase, conversion and other costs incurred in bringing the goods to their present location and condition; manufactured inventory and work in progress costs include an appropriate share of production overheads (based on normal operating capacity), but excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

j) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks, net of bank overdrafts.

In the statement of financial position, bank overdrafts are included within borrowings in current liabilities.

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NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Share capital

Ordinary shares are classified as equity.

l) Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In this case, the tax is also recognised in other comprehensive income and equity.

Current tax

Current tax is provided on the results for the year, adjusted in accordance with tax legislation.

Deferred tax

Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary timing differences can be utilised.

m) Accounting for leases

The Company as a lessee

Leases of assets under which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight line basis over the period of the lease. Lease incentives received are recognised as a liability and reduction of the rental expense on a straight line basis.

n) Provisions

Provisions for gratuity are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount has been reliably estimated. Provisions for future operating losses are not recognised.

o) Retirement benefit obligations

Employee entitlements to long service awards are recognised when they accrue to employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the reporting date.

The Company and its employees contribute to the National Pension Scheme Authority (NAPSA), a statutory defined contribution scheme registered under the NAPSA Act. The Company's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate. The Company has no further payment obligations once the contributions have been paid.

p) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

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NOTES (CONTINUED)

	2026 ZMW	2025 ZMW
2. Revenue from contracts with customers		
Recognised at a point in time:		
- Revenue from local sale of goods	267,252,171	195,810,034
- Revenue from export sale of goods	43,206,028	39,359,284
	<u>310,458,199</u>	<u>235,169,318</u>
3. Other income		
Bad debts recovered	-	-
Export freight charges received	-	-
Other income	6,310	11,666
Unrealised exchange gains	389,316	72,391
Realised exchange gains	7,159,197	628,232
	<u>7,554,823</u>	<u>712,288</u>
4. Operating profit		
The following items have been charged/(credited) in arriving at operating loss:		
Audit fees	830,934	675,912
	<u>830,934</u>	<u>675,912</u>
5. Staff costs		
Salaries and wages:		
- administration	71,939,877	37,048,875
Other staff costs	2,986,242	755,407
	<u>74,926,119</u>	<u>37,804,283</u>
6. Finance costs		
Interest expense		
- bank overdraft	(228,249)	(23,950)
	<u>(228,249)</u>	<u>(23,950)</u>
7. Tax		
Current tax	2,882,879	5,495,006
Under provision in the prior year	-	-
Deferred tax charge (Note 11)	(106,502)	(982,366)
	<u>2,776,376</u>	<u>4,512,640</u>
Tax charge/(credit)	<u>2,776,376</u>	<u>4,512,640</u>

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NOTES (CONTINUED)

7. Tax (continued)

The tax on the Company's (loss)/profit before tax differs from the theoretical amount that would arise using the basic rate as follows:

	2026 ZMW	2025 ZMW
Profit before tax	8,224,192	16,533,730
Tax calculated at a tax rate of 30% (2025: 30%)	2,467,258	4,960,119
Tax effect of:		
- expenses not deductible for tax purposes	470,824	271,335
- effect of application of different tax rates	(148,921)	(718,814)
Tax charge to profit or loss for the year	2,789,161	4,512,640
Effective rate of tax	34%	27%

Movement in tax payable/(recoverable)

At start of year	8,483,199	5,581,108
Charge for the year	2,882,879	5,495,006
Tax paid	(16,912,044)	(2,592,914)
At end of year	(5,545,966)	8,483,199

8. Share capital

Authorised:

At start of year	30,000	30,000
At end of year	30,000	30,000

Issued and fully paid:

At start of year	20,050	20,050
At end of year	20,050	20,050

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Company.

	2026 ZMW	2025 ZMW
9. Share premium		
At start of year	46,696,210	46,696,210
At end of year	46,696,210	46,696,210
Godrej Tanzania Holdings Limited	46,691,540	46,691,540
DGH Tanzania Limited	4,670	4,670

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NOTES (CONTINUED)

10. Deferred tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2025: 30%). The movement on the deferred tax account is as follows:

	2026 ZMW	2025 ZMW
At start of year	(1,304,905)	(2,287,271)
Credit to profit or loss (Note 7)	<u>106,502</u>	<u>982,366</u>
At end of year	<u><u>(1,198,403)</u></u>	<u><u>(1,304,905)</u></u>

Deferred tax assets in the statement of financial position, deferred tax (charge)/credit to profit or loss are attributable to the following items:

	At start of year ZMW	(Charge)/Credit to profit or loss ZMW	At end of year ZMW
Deferred tax assets			
Property, plant and equipment	1,377,113	378,578	1,755,691
Provision for bad debts	(88,473)	26,658	(61,815)
Unrealised exchange differences	<u>16,264</u>	<u>(511,738)</u>	<u>(495,474)</u>
Net deferred tax asset	<u><u>1,304,904</u></u>	<u><u>(106,502)</u></u>	<u><u>1,198,402</u></u>

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NOTES (CONTINUED)

11. Property, plant and equipment

Year ended 31 March 2026

	Computer equipment ZMW	Furniture and fittings ZMW	Motor vehicles ZMW	Office equipment ZMW	Plant and machinery ZMW	Total ZMW
Cost						
At start of year	586,179	277,089	1,299,402	1,566,742	9,837,105	13,566,518
Additions	34,383	405,643	877,705	510,190	2,470,852	4,298,773
Disposals	-	-	-	-	(1,021,744)	(1,021,744)
At end of year	620,563	682,732	2,177,107	2,076,933	11,286,212	16,843,546
Depreciation						
At start of year	438,308	205,897	1,299,402	228,196	2,886,452	5,058,255
Prior year adjustment	-	-	-	-	(21,590)	(21,590)
Charge for the year	109,949	59,452	292,497	286,712	937,003	1,685,613
Disposals	-	-	-	-	(403,257)	(403,257)
At end of year	548,257	265,349	1,591,899	514,909	3,398,608	6,319,022
Net book value	72,306	417,383	585,208	1,562,024	7,887,605	10,524,526

Year ended 31 March 2025

	Computer equipment ZMW	Furniture and fittings ZMW	Motor vehicles ZMW	Office equipment ZMW	Plant and machinery ZMW	Total ZMW
Cost						
At start of year	553,819	420,268	2,170,781	283,906	7,438,115	10,866,889
Additions	110,979	-	-	1,427,680	2,402,008	3,940,667
Disposals	(78,619)	(143,179)	(871,379)	(144,844)	(3,017)	(1,241,038)
At end of year	586,179	277,089	1,299,402	1,566,742	9,837,105	13,566,518
Depreciation						
At start of year	361,980	302,141	1,939,094	199,428	2,096,305	4,898,948
Charge for the year	154,945	46,934	231,687	169,093	795,522	1,398,181
Disposals	(78,618)	(143,178)	(871,379)	(140,325)	(5,375)	(1,238,875)
At end of year	438,308	205,897	1,299,402	228,196	2,886,452	5,058,255
Net book value	147,872	71,192	-	1,338,546	6,950,654	8,508,263

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NOTES (CONTINUED)

11. Property, plant and equipment (continued)

The fair value of the various classes of property, plant and equipment are as follows:

	2026 ZMW	2025 ZMW
Computer equipment	72,306	147,872
Furniture and fittings	417,383	71,192
Motor vehicles	585,208	-
Office equipment	1,562,024	1,338,546
Plant and machinery	7,887,605	6,950,654
	<u>10,524,525</u>	<u>8,508,263</u>

Reconciliation of additions during the year

Additions acquired by cash payments	<u>4,298,773</u>	<u>3,940,667</u>
	<u>4,298,773</u>	<u>3,940,667</u>

All the additions made during the year were made through cash payments.

Depreciation has been charged in profit or loss as follows:

Other operating expenses	<u>1,685,613</u>	<u>1,398,181</u>
	<u>1,685,613</u>	<u>1,398,181</u>

12. Intangible assets

	Trademarks ZMW	Software systems ZMW	Total ZMW
Year ended 31 March 2025			
Cost			
At start of year	2,000	2,939,342	2,941,342
Additions	-	242,395	242,395
At end of year	<u>2,000</u>	<u>3,181,737</u>	<u>3,183,737</u>
Amortisation			
At start of year	825	711,151	711,976
Charge for the year	99	473,421	473,520
At end of year	<u>924</u>	<u>1,184,572</u>	<u>1,185,496</u>
Net book value	<u>1,076</u>	<u>1,997,165</u>	<u>1,998,241</u>
Year ended 31 March 2025			
Cost			
At start of year	2,000	709,930	711,930
Additions	-	2,229,413	2,229,413
At end of year	<u>2,000</u>	<u>2,939,342</u>	<u>2,941,342</u>
Amortisation			
At start of year	725	709,930	710,655
Charge for the year	100	1,222	1,321
At end of year	<u>825</u>	<u>711,151</u>	<u>711,976</u>
Net book value	<u>1,175</u>	<u>2,228,191</u>	<u>2,229,366</u>

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NOTES (CONTINUED)

	2026 ZMW	2025 ZMW
13. Inventories		
Raw and packing materials	37,621,715	37,068,617
Finished goods	16,662,790	12,150,816
Goods in transit	6,829,095	302,822
	<u>61,113,599</u>	<u>49,522,254</u>

14. Trade and other receivables

Current

Trade receivables	51,599,426	47,537,163
Amounts due from related parties (Note 18 (iv))	6,553,462	21,127,882
Other debtors	6,895,795	6,183,392
Staff advances	568,476	27,502
Prepayments	1,934,980	397,535
VAT recoverable	-	1,439,717
	<u>67,552,139</u>	<u>76,713,190</u>

	Gross amount ZMW	2026 ECL allowance ZMW	Carrying amount ZMW
Trade receivables	51,805,474	(206,049)	51,599,426
Amounts due from related parties	6,553,462	-	6,553,462
Other debtors	6,895,795	-	6,895,795
Staff advances	568,476	-	568,476
Prepayments	1,934,980	-	1,934,980
	<u>67,758,188</u>	<u>(206,049)</u>	<u>67,552,139</u>

	Gross amount ZMW	2025 ECL allowance ZMW	Carrying amount ZMW
Trade receivables	47,832,073	(294,910)	47,537,163
Amounts due from related parties	21,127,882	-	21,127,882
Other debtors	6,183,392	-	6,183,392
Staff advances	27,502	-	27,502
Prepayments	397,535	-	397,535
VAT recoverable	1,439,717	-	1,439,717
	<u>77,008,100</u>	<u>(294,910)</u>	<u>76,713,190</u>

In the opinion of the directors, the carrying amounts of trade and other receivables approximate to their fair value.

There are no trade and other receivables that have been discounted.

The carrying amounts of the company's trade and other receivables are denominated in the following currencies:

	2026 ZMW	2025 ZMW
Zambian Kwacha	60,998,677	55,585,308
US Dollar	6,553,462	21,127,882
	<u>67,552,139</u>	<u>76,713,190</u>

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NOTES (CONTINUED)

	2026 ZMW	2025 ZMW
15. Cash and cash equivalents		
Cash at bank	5,279,300	4,640,382
Cash in hand	485,761	470,676
	<u>5,765,062</u>	<u>5,111,058</u>

The carrying amounts of the company's cash and bank balances are denominated in the following currencies:

Zambian Kwacha	4,853,240	2,686,663
US Dollar	911,822	2,424,395
	<u>5,765,062</u>	<u>5,111,058</u>

For the purpose of the statement of cash flows, the year end cash and cash equivalents comprise the following:

Cash and bank balances	5,765,062	5,111,058
	<u>5,765,062</u>	<u>5,111,058</u>

The Company's cash and bank balances are held with major Zambian financial institutions and, insofar as the directors are able to measure any credit risk to these assets, it is deemed to be limited.

16. Trade and other payables

	2026 ZMW	2025 ZMW
Current		
Domestic payables	9,568,501	11,084,106
Overseas payables	3,408,616	6,212,324
Amounts due to related parties (Note 18 (iv))	28,302,580	34,914,205
Provisions and accruals	33,907,138	10,200,929
Other payables	778,900	25,890
	<u>75,965,734</u>	<u>62,437,454</u>

In the opinion of the directors, the carrying amounts of trade and other payables approximate to their fair value.

The carrying amounts of the Company's trade and other payables are denominated in the following currencies:

	2026 ZMW	2025 ZMW
Zambian Kwacha	44,254,539	21,310,925
US Dollar	31,711,195	41,126,529
	<u>75,965,734</u>	<u>62,437,454</u>

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NOTES (CONTINUED)

16. Trade and other payables (continued)

The maturity analysis of the Company's trade and other payables is as follows:

Year ended 31 March 2026

	0 to 3 months ZMW	4 to 12 months ZMW	Total ZMW
Domestic payables	9,568,501	-	9,568,501
Overseas payables	3,408,616	28,302,580	31,711,195
Provisions and accruals	33,907,138	-	33,907,138
Other payables	778,900	-	778,900
	<u>47,663,155</u>	<u>28,302,580</u>	<u>75,965,734</u>

Year ended 31 March 2025

	0 to 3 months ZMW	4 to 12 months ZMW	Total ZMW
Domestic payables	11,084,106	-	11,084,106
Overseas payables	6,212,324	34,914,205	41,126,529
Provisions and accruals	10,200,929	-	10,200,929
Other payables	25,890	-	25,890
	<u>27,523,249</u>	<u>34,914,205</u>	<u>62,437,454</u>

17. Cash from/(used in) operations

Reconciliation of (loss)/profit before tax to cash from/(used in) operations:

	2026 ZMW	2025 ZMW
Profit before tax	8,224,192	16,533,730
Adjustments for:		
Depreciation on property, plant and equipment (Note 11)	1,685,613	1,398,181
Amortisation of intangible assets (Note 12)	473,521	1,321
Opening balance on differences	29,007	-
Interest expense (Note 6)	228,249	23,950
Loss on disposal	26,730	-
Changes in working capital:		
- inventories	(11,591,345)	(16,857,524)
- trade and other receivables	9,161,051	(24,153,201)
- trade and other payables	13,528,281	26,762,638
Cash generated from/(used in) operations	<u>21,765,298</u>	<u>3,709,095</u>

18. Related party transactions and balances

The Company is controlled by Godrej Tanzania Holdings Limited incorporated in Mauritius, which owns 99.99% of the Company's shares. The remaining 0.01% of the shares are held by DGH Tanzania Limited. The ultimate parent Company is Godrej Tanzania Holdings Limited (incorporated in Mauritius).

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NOTES (CONTINUED)

18. Related party transactions and balances (continued)

The following transactions were carried out with related parties:

	2026 ZMW	2025 ZMW
i) Sale of goods and services		
To related entity's:		
Weave Mozambique LDA	7,660,411	1,433,831
Subinite (Pty) Limited	16,018	19,694,050
	<u>7,676,429</u>	<u>21,127,882</u>
ii) Purchase of goods and services		
From related entities:		
Raw materials	157,076,376	136,930,786
	<u>157,076,376</u>	<u>136,930,786</u>
iii) Outstanding balances arising from sale and purchase of goods and services		
Receivable from related parties (Note 14)	<u>6,553,462</u>	<u>21,127,882</u>
Payable to related parties (Note 16)	<u>28,302,580</u>	<u>34,914,205</u>
Receivables from related parties can be analysed as follows:		
Subinite (Pty) Limited	5,944,302	19,694,050
Weave Mozambique LDA	609,160	1,433,831
	<u>6,553,462</u>	<u>21,127,882</u>
The receivables from related parties are interest free, have no specific dates of repayment and are unsecured.		
Payables to related parties can be analysed as follows:		
Godrej Consumer Products International FZCO	14,224,171	4,878,788
Godrej Consumer Products Limited	-	246,487
Godrej Consumer Holdings (Netherlands)	1,301,648	302,822
Weave Mozambique Limited	233,645	-
Godrej Nigeria Limited	5,428,957	-
GCPL - INDIA	1,279,873	-
Subinite (Pty) Limited	5,834,285	29,486,109
	<u>28,302,579</u>	<u>34,914,205</u>

The payables to related parties are interest free, have no specific dates of repayment and are unsecured.

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NOTES (CONTINUED)

19. Risk management objectives and policies

Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the management under policies approved by the board of directors. Management identifies, evaluates and hedges financial risks in close co-operation with various departmental heads. The board provides supervision for overall risk management.

(a) Market risk

- **Foreign exchange risk**

The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar. The risk arises from outstanding assets and liabilities included in the statement of financial position date.

The table below summarises the effect on post-tax profit and components of equity had the Zambian Kwacha weakened by 10% against each currency, with all other variables held constant. If the Zambian Kwacha strengthened against each currency, the effect would have been the opposite.

	2026	2025
	ZMW	ZMW
Effect on profit in ZMW (decrease)/increase from changes in:		
US Dollar	<u>(1,697,214)</u>	<u>(1,230,198)</u>

A 10% sensitivity rate is being used when reporting foreign risk internally to key management personnel and represents managements assessment of the reasonably possible change in foreign exchange rates.

- **Interest rate risk**

The Company is not directly exposed to any interest rates risks as it does not hold any borrowing.

(b) Credit risk

Credit risk arises from cash in hand and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors.

Individual limits are set based on internal or external information in accordance with limits set by the management. The utilisation of credit limits is regularly monitored.

In assessing whether the credit risk on a financial asset has increased significantly, the Company compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Company considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

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NOTES (CONTINUED)

19. Risk management objectives and policies (continued)

(b) Credit risk-(continued)

For this purpose, default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations. However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

If the Company does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognised on a collective basis.

For such purposes, the Company groups financial assets on the basis of shared credit risk characteristics, such as:

- type of instrument; and
- industry in which the debtor operates; and

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about the following events:

- significant financial difficulty of the debtor
- a breach of contract
- it is probable that the debtor will enter bankruptcy

The gross carrying amount of financial assets with exposure to credit risk at the reporting date was as follows:

Basis for measurement of loss allowance	12-month expected credit losses	Lifetime expected credit losses			Total
		A	B	C	
As at 31 March 2026	ZMW	ZMW	ZMW	ZMW	ZMW
Trade receivables	51,805,474	-	-	(206,049)	51,599,426
Amounts due from related parties	6,553,462	-	-	-	6,553,462
Other debtors	6,895,795	-	-	-	6,895,795
Staff advances	568,476	-	-	-	568,476
Prepayments	1,934,980	-	-	-	1,934,980
Cash at bank	5,279,300	-	-	-	5,279,300
Gross carrying amount/Exposure to credit risk	73,037,488	-	-	(206,049)	72,831,439

Basis for measurement of loss allowance	12-month expected credit losses	Lifetime expected credit losses			Total
		A	B	C	
As at 31 March 2025	ZMW	ZMW	ZMW	ZMW	ZMW
Trade receivables	47,832,073	-	-	(294,910)	47,537,163
Amounts due from related parties	21,127,882	-	-	-	21,127,882
Other debtors	6,183,392	-	-	-	6,183,392
Staff advances	27,502	-	-	-	27,502
Prepayments	397,535	-	-	-	397,535
VAT recoverable	1,439,717	-	-	-	1,439,717
Cash at bank	4,640,382	-	-	-	4,640,382
Gross carrying amount/Exposure to credit risk	81,648,482	-	-	(294,910)	81,353,572

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NOTES (CONTINUED)

19. Risk management objectives and policies (continued)

(b) Credit risk (continued)

Financial assets for which the loss allowance has been measured at an amount equal to lifetime expected credit losses have been analysed above based on their credit risk ratings as follows:

- a) financial assets for which credit risk has increased significantly since initial recognition but that are not credit impaired;
- b) financial assets that are credit impaired at the reporting date;
- c) trade receivables, for which the loss allowance is always measured at an amount equal to lifetime expected credit losses, based, as a practical expedient, on provision matrices.

The age analysis of the trade receivables at the end of each year was as follows:

	Not past due ZMW	30 to 90 days past ZMW	90 to 180 days past ZMW	Over 180 days past ZMW	Total ZMW
As at 31 March 2026	29,771,220	34,972,211	3,872,543	343,980	68,959,954
As at 31 March 2025	22,135,122	18,574,408	4,203,967	(59,938)	44,853,560

The changes in the loss allowance during the year were as follows:

Basis for measurement of loss allowance	12-month expected credit losses ZMW	Lifetime expected credit losses			Total ZMW
		A ZMW	B ZMW	C ZMW	
Year ended 31 March 2026	ZMW				
At start of year	-	-	-	-	-
Changes arising from whether the loss allowance is measured at an amount equal to 12-month or lifetime expected credit losses	-	-	-	(206,049)	(206,049)
At end of year	-	-	-	(206,049)	(206,049)

The loss allowances at the end of each year relates to the following;

Basis for measurement of loss allowance	12-month expected credit losses ZMW	Lifetime expected credit losses			Total ZMW
		A ZMW	B ZMW	C ZMW	
As at 31 March 2025	ZMW				
Trade receivables	-	-	-	(206,049)	(206,049)
Amounts due from related parties	-	-	-	-	-
Other debtors	-	-	-	-	-
Staff advances	-	-	-	-	-
Prepayments	-	-	-	-	-
VAT recoverable	-	-	-	-	-
Cash at bank	-	-	-	-	-
Total	-	-	-	(206,049)	(206,049)

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NOTES (CONTINUED)

19. Risk management objectives and policies (continued)

(c) Liquidity risk

Cash flows forecasting is performed by the finance department of the Company by monitoring the liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Company's management maintains flexibility in funding by maintaining availability under committed credit lines.

A disclosure of the undrawn facilities is as per Note 10. This is the Company's liquidity reserve.

The table below disclose the undiscounted maturity profile of the Company's financial liabilities:

	Interest rate %	Between 0 - 3months ZMW	Between 4 months - 1 year ZMW	Total ZMW
Year ended 31 March 2026				
Non-interest bearing liabilities				
- Trade and other payables		47,663,155	28,302,580	75,965,734
- Current tax		(5,545,966)	-	(5,545,966)
		<u>42,117,188</u>	<u>28,302,580</u>	<u>70,419,768</u>
Year ended 31 March 2025				
Non-interest bearing liabilities				
- Trade and other payables		27,523,249	34,914,205	62,437,454
- Current tax		8,483,199	-	8,483,199
		<u>36,006,448</u>	<u>34,914,205</u>	<u>70,920,653</u>

20. Capital management

Internally imposed capital requirements

The company's objectives when managing capital are:

- to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk;
- to comply with the capital requirements set out by the company's bankers;
- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to maintain a strong asset base to support the development of business.
- to maintain an optimal capital structure to reduce the cost of capital.

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NOTES (CONTINUED)

20. Capital management - (continued)

Internally imposed capital requirements - (continued)

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. Consistently with others in the industry, the Company monitors capital on the basis of the gearing. This is calculated as net debt divided by capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Capital comprises all components of equity (i.e. share capital, share premium and retained earnings).

During 2024, there were no changes in the company's approach to capital management. The Company monitors capital using an adjusted net debt to equity ratio. The company seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The gearing at 31 March 2025 and 2024 were as follows:

	2026 ZMW	2025 ZMW
The ratios at 31 March 2025 and 2024 were as follows:		
Total borrowings	-	-
Less cash and cash equivalents (Note 15)	<u>(5,765,062)</u>	<u>(5,111,058)</u>
Net debt	<u>(5,765,062)</u>	<u>(5,111,058)</u>
Total equity	<u>75,335,396</u>	<u>69,858,574</u>

As at 31 March 2026 and 2026, the company was not geared as it had no debt. The Company is entirely funded by its shareholders.

21. Contingent liabilities

As at the reporting date, there were no contingent liabilities.

22. Commitments

As at the reporting date, there were no capital or operating lease commitments.

23. Events after the reporting period

At the date of finalisation of the financial statements, there were no events after the reporting date that require disclosure or adjustment to these financial statements.

24. Incorporation

Hair Credentials Zambia Limited is incorporated in Zambia under the Zambian Companies Act No.10 of 2017 as a private limited liability company and is domiciled in Zambia.

25. Presentation currency

The financial statements are presented in Zambian Kwacha (ZMW.)

Hair Credentials Zambia Limited
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SCHEDULE OF EXPENDITURE

	2026 ZMW	2025 ZMW
1. COST OF SALES		
Opening stock	49,522,254	32,664,731
Purchases	207,647,772	176,959,122
Closing stock	(61,113,599)	(49,522,254)
	<u>196,056,427</u>	<u>160,101,598</u>
2. SELLING AND DISTRIBUTION EXPENSES		
Advertising and marketing	4,855,806	2,454,600
Freight	5,907,781	3,493,885
Total selling and distribution expenses	<u>10,763,587</u>	<u>5,948,485</u>
3. ADMINISTRATIVE EXPENSES		
Employment:		
Salaries and allowances	71,939,877	37,048,875
Staff expenses	2,986,242	755,407
Total employment costs	<u>74,926,119</u>	<u>37,804,283</u>
Other administrative expenses:		
Audit fees	830,934	675,912
Bad debt - provision	110,221	268,292
Bank charges	385,217	279,226
Communication expense	396,275	352,724
Forklift expenses	6,560	51,170
IT expenses	1,175,536	440,144
Legal and professional fees	719,380	306,207
Motor vehicle maintenance	921,006	587,541
Other office expenses	615,016	214,073
Printing and stationery	330,392	220,607
Rates and taxes	25,756	18,646
Subscriptions	-	15,000
Travel, conveyancing and accommodation	616,200	270,659
Unrealised exchange losses	2,040,897	18,177
Realised exchange losses	8,486,695	3,079,200
Total other administrative expenses	<u>16,660,085</u>	<u>6,797,580</u>
Total administrative expenses	<u>91,586,204</u>	<u>44,601,863</u>

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SCHEDULE OF EXPENDITURE

	2026	2025
	ZMW	ZMW
4. OTHER OPERATING EXPENSES		
Establishment:		
Amortisation	473,521	1,321
Depreciation	1,685,613	1,398,181
Electricity and water	2,881,379	1,829,208
Loss On Sale Of Assets	26,730	-
Insurance	365,100	255,912
Rent	4,385,443	4,189,122
Repairs and maintenance	1,329,478	993,738
Security	7,100	4,500
	<u>11,154,364</u>	<u>8,671,981</u>
Total other operating expenses	<u>11,154,364</u>	<u>8,671,981</u>
5. FINANCE COST		
Interest expense	<u>228,249</u>	<u>23,950</u>

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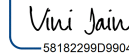
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