

**GODREJ HOUSEHOLD PRODUCTS
LANKA (PRIVATE) LIMITED**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2026**



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

Tel +94 - 11 542 6426
Fax +94 - 11 244 5872
+94 - 11 244 6058
Internet www.kpmg.com/lk

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF GODREJ HOUSEHOLD PRODUCT (PRIVATE) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Godrej Household Product Lanka (Private) Limited ("the Company"), 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 material accounting policies as set out in page 3 to 37.

In our opinion, the accompanying financial statements and the 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 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 Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics), 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

Our opinion on the financial statement does not cover any other information and we will not express any form of assurance conclusion thereon. The Management is responsible for the other information. These financial statements do not include any other information.

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 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.

KPMG, a Sri Lankan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

T. J. S. Rajakarier FCA
W. K. D. C. Abeyrathne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R. G. H. Raddella ACA

W. W. J. C. Perera FCA
G. A. U. Karunaratne FCA
R. H. Rajan FCA
A.M.R.P. Alahakoon ACA
H.U.S.T Dayananda FCA

Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F R Ziyad ACA, FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D Corea Dharmaratne



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.

A further description of the auditor's responsibilities for the audit of the financial statements is located at Sri Lanka Accounting and Auditing Standards website at: <http://slaasc.com/auditing/auditorsresponsibility.php>. This description forms part of our auditor's report.

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 appears from our examination, proper accounting records have been kept by the Company.

A handwritten signature in blue ink, appearing to read 'KMP' or similar, with a horizontal line underneath.

CHARTERED ACCOUNTANTS

Colombo

24 June 2026

GODREJ HOUSEHOLD PRODUCTS LANKA (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March,

	Note	2026 Rs.	2025 Rs.
Revenue	7	3,163,827,112	2,780,580,359
Cost of sales		(1,566,589,210)	(1,452,792,320)
Gross profit		1,597,237,902	1,327,788,039
Other income	8	2,474,630	4,687,197
Selling and distribution expenses		(671,270,982)	(529,529,841)
Administrative expenses		(381,815,037)	(357,199,418)
Profit from operations	9	546,626,513	445,745,977
Net finance income	10	45,735,295	16,344,909
Profit before taxation		592,361,808	462,090,886
Income tax expense	11	(182,038,291)	(137,953,030)
Profit for the year		410,323,517	324,137,856
Other comprehensive income			
<u>Items that will not be reclassified to profit or loss</u>			
Actuarial gain/(loss) on defined benefit plan	20	1,994,441	(1,509,202)
Related tax	15	(598,332)	452,761
Other comprehensive expense for the year		1,396,109	(1,056,441)
Total comprehensive income for the year		411,719,626	323,081,415
Basic earnings per share	12	3.59	2.84

The notes to the Financial Statements form an integral part of these Financial Statements.

Figures in bracket indicate deductions



GODREJ HOUSEHOLD PRODUCTS LANKA (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION

As at 31 March

	Note	2026 Rs	2025 Rs
Assets			
Property, plant and equipment	13	282,053,048	265,137,941
Intangible assets	14	9,822,492	3,572,511
Total non-current assets		291,875,540	268,710,452
Inventories	16	387,664,441	316,646,066
Trade and other receivables	17	461,838,882	410,133,217
Cash and cash equivalents	18	824,785,180	893,450,589
Total current assets		1,674,288,503	1,620,229,872
Total assets		1,966,164,043	1,888,940,324
Equity			
Stated capital	19	1,159,786,962	1,159,786,962
Accumulated retained earnings		103,911,562	142,191,936
Total equity		1,263,698,524	1,301,978,898
Liabilities			
Employee benefits	20	22,482,515	18,930,076
Lease liabilities	23	45,466,081	59,413,501
Deferred taxation	15	5,919,703	6,187,634
Total non-current liabilities		73,868,299	84,531,211
Trade and other payables	21	545,166,167	459,250,066
Current taxation	22	69,483,632	32,258,733
Lease liabilities	23	13,947,421	10,921,416
Total current liabilities		628,597,220	502,430,215
Total liabilities		702,465,519	586,961,426
Total equity and liabilities		1,966,164,043	1,888,940,324

The annexed notes to the Financial Statements form an integral part of these Financial Statements.

Figures in bracket indicate deductions

I certify that these Financial Statements are in compliance with the requirements of the Companies Act No 7 of 2007.



 Mr. Sandesh Gudhekar
Chief Finance Officer

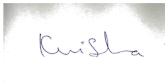
The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Approved and signed for and on behalf of the Board.



 Mr. Dileepa Gregory
Director

24 June 2026





 Mr. Krishna Khatwani
Director

GODREJ HOUSEHOLD PRODUCTS LANKA (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

	Stated capital Rs.	Accumulated losses/ Profit Rs.	Total equity Rs.
Balance as at 01 April 2024	1,159,786,962	(180,889,479)	978,897,483
Comprehensive income for the year			
Profit for the year	-	324,137,856	324,137,856
Other comprehensive income for the year	-	(1,056,441)	(1,056,441)
Total comprehensive expense for the year	-	323,081,415	323,081,415
Balance as at 31 March 2025	1,159,786,962	142,191,936	1,301,978,898
Balance as at 01 April 2025	1,159,786,962	142,191,936	1,301,978,898
Comprehensive income for the year			
Profit for the year	-	410,323,517	410,323,517
Other comprehensive expense for the year	-	1,396,109	1,396,109
Dividend paid during the year	-	(450,000,000)	(450,000,000)
Total comprehensive income for the year	-	(38,280,374)	(38,280,374)
Balance as at 31 March 2026	1,159,786,962	103,911,562	1,263,698,524

The notes to the Financial Statements form an integral part of these Financial Statements.

Figures in bracket indicate deductions



GODREJ HOUSEHOLD PRODUCTS LANKA (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS

For the year ended 31 March,

	Note	2026 Rs	2025 Rs.
Cash flows from operating activities			
Profit before taxation		592,361,808	462,090,886
Adjustments for:			
Depreciation on property, plant and equipment and ROU asset	13	50,214,450	43,759,369
Amortization of intangible assets	14	1,526,255	1,399,902
Write of assets - property, plant and equipment	8.2	-	9,376,846
Provision for employment benefit	20.2	5,917,664	4,914,820
Charge/ (Reversal) of provision for impairment of trade receivables	17.1	3,533,933	(3,533,343)
(Reversal) / Write-off for impairment of trade receivables		-	(25,956,681)
Provision for obsolete and slow moving inventory	16.1	6,306,499	22,792,535
(Reversal) of Write-off relating to obsolete and slow moving inventory	16.1	(1,906,900)	(65,135,259)
Interest income	10	(68,183,649)	(39,935,015)
Interest expense on SLFRS 16	10	9,163,703	7,082,890
Operating profit before working capital changes		598,933,762	416,856,950
Changes in working capital			
(Increase) / Decrease in inventories		(75,417,973)	71,531,339
(Increase) / Decrease in trade and other receivables		(55,239,598)	2,317,275
Increase in trade and other payables		85,916,097	1,338,456
		554,192,287	492,044,020
Gratuity paid during the year	20.2	(370,784)	-
Income tax paid during the year	22	(145,679,657)	(90,500,000)
Net cash generated from operating activities		408,141,846	401,544,020
Cash flow from investing activities			
Purchase of property, plant and equipment	13	(67,129,550)	(42,898,016)
Purchase of intangible assets	14	(7,776,236)	(510,527)
Interest received	10	68,183,649	39,935,015
Net cash used in investing activities		(6,722,137)	(3,473,528)
Cash flow from financing activities			
Repayment of lease rentals	23	(20,085,118)	(19,476,481)
Dividend paid during the year		(450,000,000)	-
Net cash used in financing activities		(470,085,118)	(19,476,481)
Net Increase in cash and cash equivalents		(68,665,409)	378,594,012
Cash and cash equivalents as at the beginning of the year		893,450,589	514,856,577
Cash and cash equivalents as at 31 March (Note 18)		824,785,180	893,450,589

The notes to the Financial Statements form an integral part of these Financial Statements.

Figures in bracket indicate deductions



GODREJ HOUSEHOLD PRODUCTS LANKA (PRIVATE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 REPORTING ENTITY

1.1 Domicile and legal form

Godrej Household Products Lanka (Private) Limited (“the Company”) is a private limited liability company incorporated on 30 April 2001 and domiciled in Sri Lanka with its registered office and the principal place of the business is situated at 7C, Postmasters Place, Off Temples Road, Mount Lavinia. The Corporate head office of the Company is located at No.228, 3rd floor, Mannapperuma building, Galle Road, Colombo 4. The investment in the Company has been approved under section 16 of the Board of Investments of Sri Lanka (BOI) Law No.4 of 1978.

1.2 Principal activities and nature of operations

The main business of the Company is to manufacture, import and sell branded Fast Moving Consumer Goods (FMCG) of Godrej Consumer Products Limited, India (the Parent Company).

There were no significant changes in the nature of the principal activity of the Company during the financial year under review.

1.3 Parent enterprise and ultimate parent enterprise

The ultimate parent of the Company is Godrej Consumer Products Limited, India.

1.4 Number of employees

The total number of employees of the Company as of 31 March 2026 was 40 (2025 – 31).

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Company comprise the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows together with notes to the financial statements.

The financial statement of the Company has been prepared in accordance with Sri Lanka Accounting Standards (SLAS) prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS), promulgated by the Institute of Chartered Accountants of Sri Lanka

The financial statements were authorized for issue by the Board of Directors on 24 June 2026.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis and applied consistently in which no adjustments being made for inflationary factors affecting the financial statements except for employee benefit measured at fair value.

- The defined benefit liability is recognized as the present value of the defined benefit obligation, plus unrecognized actuarial gains, less unrecognized past service cost and unrecognized actuarial losses.



GODREJ HOUSEHOLD PRODUCTS LANKA (PRIVATE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the functional currency) and rounded to the nearest rupee value.

The financial statements are presented in Sri Lankan Rupees, which is the Company's functional and presentation currency.

2.4 Use of estimate and judgment

The preparation of the Financial Statements in conformity with SLAS's requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

- Current Taxation (Note 3.2.a)
- Deferred taxation (Note 3.2.b)
- Defined benefit plan (Note 3.9.3)
- Contingencies (Note 3.10)
- Provisions (Note 3.11)
- Impairment of assets (Note 3.7)



2.5 Events occurring after the reporting date

The materiality of the events occurring after the reporting date has been considered and appropriate adjustments to the disclosure have been made in the financial statements where necessary.

2.6 Materiality and Aggregation

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

2.7 Assessment of Going concern Basis of Accounting

The Company's financial statements have been prepared under the assumption of going concern, as the Board of Directors is confident that the Company possesses sufficient resources to continue its operations in the foreseeable future. This confidence is based on directors' assessment, which took into account the improvements and uncertainties associated with the prevailing economic conditions, and their possible effects on the Company's smooth flow of operations and working capital, profitability, and liquidity.

Further, based on the Company's liquidity position as at the reporting date, the Board of Directors has assessed that there is no uncertainty regarding the settlements of external liabilities during the next 12 months from the date of authorizing these financial statements.

Accordingly, the Board of Directors has a reasonable confidence level that the Company has adequate resources to continue in operation for at least the next 12 months and that the going concern basis of accounting remains appropriate.

The Financial statements have been prepared on the basis the Company would continue as a going concern for foreseeable future.

GODREJ HOUSEHOLD PRODUCTS LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES

The Company has consistently applied the accounting policies for all periods presented these financial statements.

3.1 Foreign currency translations

Transactions in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

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

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.2 Income tax expenses

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

a) Current taxation

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

Income tax liability of the Company has been computed in accordance with the provisions of the Inland Revenue Act No 24 of 2017 as amended by the Inland Revenue (Amendment) Act, No.10 of 2021 and subsequent amendments thereto.

b) Deferred taxation

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred



GODREJ HOUSEHOLD PRODUCTS LANKA (PRIVATE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

ASSETS AND BASES OF THEIR VALUATION

Assets classified as current assets in the Statement of Financial Position are Cash and those which are expected to be realized in cash during the normal operating cycle of the Company or within one year from the reporting date whichever is shorter. Assets other than current assets are those which the Company intends to hold beyond a period of one year from the reporting date.

3.3 Property, Plant and Equipment

3.3.1 Basis of recognition

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, and any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located. Where a property plant and equipment comprise, major components having different useful lives, they are accounted for as separate items of property plant equipment.

3.3.2 Cost model

The Company applies cost model to all property plant and equipment and records at cost of purchase together any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

3.3.3 Derecognition

Items of property plant and equipment are derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or losses arising on derecognition of the asset is included in the statement of comprehensive income the year the asset is derecognized.

Items of property, plant and equipment are derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is recognized.

3.3.4 Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of day-to-day servicing of property, plant and equipment are recognized in as profit or loss incurred.

3.3.5 Restoration costs

Expenditure incurred on repairs or maintenance of Property, plant, and equipment in order to restore or maintain the future economic benefits expected from the originally assessed standard of performance is recognized as an expense when incurred.



GODREJ HOUSEHOLD PRODUCTS LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

3.3.6 Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant, and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Office building and building improvements	5 Years
Plant and machinery	10 Years
Laboratory equipment	10 Years
Moulds & tools	3 – 9 Years
Electrical installations	10 Years
Furniture and fixtures	10 Years
Office equipment	5 Years
Right-of-use asset	Over the lease period

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date that the asset is derecognized. Full depreciation is provided in the month of purchase.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.3.7 Impairment of property, plant, and equipment

The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognized in the income statement unless they reverse a previous revaluation surplus for the same asset.

3.3.8 Capital Work-in- progress

Capital expenses incurred during the year which are not completed as at the reporting date are shown as Capital Work – In – Progress whilst, the Capital assets which have been completed during the year and put to use have been transferred to Property, Plant and Equipment when such assets are completed and met their intended use.

3.4 Intangible assets

All computer software costs incurred, licensed for use by the Company, which are not integrally related to associate hardware, and can be clearly identified, reliably measured and it is probable that they will lead to future economic benefits are included in the statement of financial position under the category intangible assets and carried at cost less accumulated amortization and accumulated impairment losses if any.

a) Subsequent expenditure

Expenditure incurred on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expenditure as incurred.



GODREJ HOUSEHOLD PRODUCTS LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

b) Amortization

Intangible assets are amortized on a straight-line basis over a period of 6 years in the profit or loss from the date when the asset is available for use, over the best estimate of its useful economic life.

3.5 Inventories

Recognition and measurement

Inventories are stated at the lower cost and net realizable value, after making do allowances for obsolete and slow-moving items. The Company uses weighted average cost in assigning the cost of inventories. The cost includes expenses in acquiring stocks, production and conversion cost and other costs incurred in bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less, the estimated cost of completion and the estimated costs necessary to make the sale.

The Company makes provisions based on expiry dates and writes off items directly to the income statement based on internal assessment.

3.6 Financial instruments

3.6.1 Non derivative financial assets

Recognition and initial measurement

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

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

Classification and subsequent measurement of financial assets

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

Financial assets are not reclassified subsequent to their initial recognition unless the 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 outstanding.



GODREJ HOUSEHOLD PRODUCTS LANKA (PRIVATE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

Financial Assets - Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities, or expected cash outflows or realizing cash flows through the sale of the assets.
- how the performance of the portfolio is evaluated and reported to the Company's management.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- how managers of the business are compensated - e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume, and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet

GODREJ HOUSEHOLD PRODUCTS LANKA (PRIVATE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows.
- terms that may adjust the contractual coupon rate, including variable-rate features.
- prepayment and extension feature; and
- terms that limit the Company's claim to cash flows from specified assets (e.g., non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

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.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

3.6.2 Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3.6.3 Derecognition

a) Financial assets

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



GODREJ HOUSEHOLD PRODUCTS LANKA (PRIVATE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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

b) Financial liabilities

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

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

3.6.4 Offsetting

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

3.7 Impairment of assets

3.7.1 Non-derivative financial assets

Financial instruments and contract assets

Loss allowances for trade receivables is always measured at an amount equal to lifetime expected credit losses (ECLs).

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

Measurement of ECLs

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

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

Credit-impaired financial assets

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

Presentation of allowance for ECL in the statement of financial position

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



GODREJ HOUSEHOLD PRODUCTS LANKA (PRIVATE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in OCI.

3.7.2 Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

An impairment loss in respect of other assets, recognized in prior periods is assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.8 Fair Value Measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e., the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis

GODREJ HOUSEHOLD PRODUCTS LANKA (PRIVATE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

over the life of the instrument but no later than when the valuation is wholly supported by observable market data, or the transaction is closed out.

3.8.1 Use of assumptions and estimation uncertainty

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Company's audit committee. When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

LIABILITIES AND PROVISIONS

Liabilities classified as Current Liabilities in the statement of financial position are those obligations payable on demand or within one year from the reporting date. Items classified as noncurrent liabilities are those obligations, which expire beyond a period of one year from the reporting date.

All known liabilities have been accounted for in preparing the Financial Statements. Provision and liabilities are recognized when the Company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.9 Employee benefits

3.9.1 Short-term benefits

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



GODREJ HOUSEHOLD PRODUCTS LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

3.9.2 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognized as an expense in profit and loss when incurred.

Employees' Provident Fund

The Company and Employees contribute 12% & 8% respectively on the salary of each employee is paid. Said provident fund is being managed by the Central Bank of Sri Lanka.

Employees Trust Fund

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund.

3.9.3 Defined benefit plans

Retiring Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19 – Employee Benefits. The Company measures the present value of retirement benefits of gratuity based on internally developed model using formula. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The liability recognized in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the reporting date.

Liability is not externally funded nor actuarially valued.

Actuarial gains and losses

The re - measurements of the net defined benefit liability, which comprise actuarial gains and losses are recognized in Other Comprehensive Income.

3.10 Commitments and Contingencies

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which not wholly within control of the Company. All material capital commitments and contingent liabilities of the Company are disclosed in the respective notes to the Financial Statements.

3.11 Provisions

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



GODREJ HOUSEHOLD PRODUCTS LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

4. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

INCOME AND EXPENSES

4.1 Revenue recognition

Performance obligations and revenue recognition policies

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized.

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when it transfers control over a good or service to a customer. Determining the timing of the transfer of control at a point in time or over time require judgment.

Type of product/ service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under SLFRS 15
Income from selling consumer products.	This includes export and local income from selling consumer products.	Revenue is recognized point in time as the goods are transferred to customers.

4.2 Other income

Gains and losses on disposal of an item of property, plant & equipment

Profit or loss is determined by comparing the net sales proceeds with the carrying amounts of property, plant & equipment.

4.3 Expenditure recognition

Expenditure is recognized in the financial statements as they are incurred and recognized on an accrual basis.

Operating expenses

All expenditure incurred in the running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to the profit or loss.

4.4 Finance income and expenses

Interest income and expenses are recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts or payments through the expected life of the financial asset or liabilities (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liabilities. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.



GODREJ HOUSEHOLD PRODUCTS LANKA (PRIVATE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

4.5 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

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

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

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

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

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

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

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

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



GODREJ HOUSEHOLD PRODUCTS LANKA (PRIVATE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

The Company presents right-of-use assets that do not meet the definition of investment property in ‘property, plant and equipment’ and lease liabilities in ‘loans and borrowings’ in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies SLFRS 15 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in SLFRS 9 to the net investment in the lease. The Company regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other revenue’.

Generally, the accounting policies applicable to the Company as a lessor in the comparative period were not different from SLFRS 16 except for the classification of the sub-lease entered during current reporting period that resulted in a finance lease classification.

4.6 Related Party Transactions

Disclosures have been made in respect of the transactions in which one party has the liability to control or exercise significant influence over the financial and operating decisions/policies of the other, irrespective of a profit being charged.

4.7 Earnings per share

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



GODREJ HOUSEHOLD PRODUCTS LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

5 STATEMENT OF CASH FLOWS

The cash flow statement has been prepared by using the “Indirect Method” of preparing of cash flow statement in accordance with LKAS 7- Statement of Cash Flows.

Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalents include cash in-hand, balances with banks.

For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.

6 NEW ACCOUNTING STANDARDS / AMENDMENTS TO ACCOUNTING STANDARDS

The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) has issued several new accounting standards and amendments/improvements to existing standards. These new standards are set to become effective in the coming years. Early application of these standards is allowed, but the Company has not early adopted any of the new or amended standards in the preparation of these financial statements.

6.1 Sri Lanka Accounting Standard – SLFRS 18 on “Presentation and Disclosure in Financial Statements” (SLFRS 18)

SLFRS 18 is a new accounting standard for presentation and disclosure in Financial Statements with effect from January 01, 2027. SLFRS 18 will replace the Sri Lanka Accounting Standard – LKAS 1 on “Presentation of Financial Statements” and applies to the Company from January 01, 2027. The new accounting standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely operating, investing, financing, discontinuing operations and income tax categories. Entities are also required to present a newly defined operating profit sub totals; Entities’ net profit will not change.
- Management-defined performance measures (MRMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotals as the starting point for the statements of cashflows when presenting operating cashflows under indirect method.

The Company is still in the process of assessing the impact of the new accounting standards, particularly with respect to the structure of the Company’s statement of profit or loss, the statement of cashflows and the additional disclosures required for MPMs. The Company is also assessing the impact on how information is grouped in the financial statements including items currently labelled as ‘other’.



GODREJ HOUSEHOLD PRODUCTS LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March,

	2026	2025
	Rs.	Rs.
7 Revenue		
7.1 Revenue streams		
Local sales	3,163,827,112	2,780,580,359
	<u>3,163,827,112</u>	<u>2,780,580,359</u>

The revenue earned by the Company during the year has been exclusively from domestic sales and no contribution from export sales. The increase was attributed to significant increase in sales volume, as a result of improved economic conditions in the country, compared to the prior year and higher level of advertising and promotional activities which were carried out to boost the sales.

7.2 Disaggregation of revenue from contracts with customers

The Company's revenue are the income from selling consumer products locally. Revenue from contracts with customers is disaggregated by the timing of revenue recognition as follows:

	2026	2025
	Rs.	Rs.
Timing of revenue recognition		
Products transferred at a point in time	3,163,827,112	2,780,580,359
	<u>3,163,827,112</u>	<u>2,780,580,359</u>

7.3 Based on the expenses incurred in generating the revenue, the Company and Parent identified certain expenses to be netted off against the revenue in accordance with the SLFRS 05. Accordingly, such expenses previous reported under selling and distribution have been re-classified to the Revenue. Hence, Revenue reported to in comparative year has been amended as follows;

Reported revenue in previous year (FY 2024/25)	2,851,015,359
Re-classified Revenue in previous year (Reported in FY 2025/26)	(70,435,000)
Amended Revenue for the year 2024/25	<u>2,780,580,359</u>

Based on the above re-classification, there is no impact to the overall profit of the Company, hence there has been no re-statement.

7.4 Selling and distribution expenses reported in FY 2024/25	599,964,841
Re-classified to Revenue	(70,435,000)
Amended Selling and distribution expenses for the year 2024/25	<u>529,529,841</u>

8 Other income

Scrap sales (Note 8.1)	2,474,630	4,687,197
	<u>2,474,630</u>	<u>4,687,197</u>

8.1 Scrap sales included scrap iron barrels, plastic barrels, damaged corrugated cartoons and plastic scraps. During the year scrap sales have increased due to higher sales of scrap barrels which is directly linked to the increase in the purchase of imported raw materials which are stored in such barrels.

9 Profit from operations

Profit from operations is stated after charging all the expenses including the following:

	2026	2025
	Rs.	Rs.
Directors emoluments (Note 24)	24,931,380	19,370,436
Auditors remuneration	1,355,000	1,490,000
Depreciation (Note 13)	50,214,450	43,759,367
Amortization (Note 14)	1,526,255	1,399,902
Staff costs (Note 9.1)	157,226,015	141,403,851
Bonus (Note 9.2)	37,278,945	11,304,814
Provision/(Reversal) for obsolete and slow moving inventory (Note 16.1)	6,306,499	22,792,535
Charge/ (Reversal) of provision for impairment of trade receivables	3,533,933	(3,533,343)
(Reversal) / Write-off for impairment of trade receivables (Note 17.1)	-	(25,956,681)
Write off of Property, plant and equipment (Note 9.3)	-	9,376,845
Royalty expense (Note 9.4)	103,583,915	70,604,007
Inventory write off (Note 16.1.1)	1,906,900	65,135,259



GODREJ HOUSEHOLD PRODUCTS LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March,

	2026 Rs.	2025 Rs.
9 Profit from operations (Contd.)		
9.1 Staff costs		
Salaries and wages	135,422,041	124,120,952
EPF and ETF	14,951,690	10,688,078
Vehicle rent	1,680,000	1,680,000
Provision for employee benefits (Note 20.2)	5,172,284	4,914,820
	157,226,015	141,403,851

Salaries and during the year charge for the employee benefits to the Executive Director of the Company is excluded from the staff costs and accumulated to the Director emoluments above which depicts total benefits paid to all directors.

9.2 Compared to last year the bonus provision has increased by Rs.26 Million due to the increase in staff headcount from 31 to 40 and the improved performance during the year. The bonus paid equivalent to two months' salary for each employee.

9.3 Impairment assessment made on property, plant and equipment

The Board of Directors re-assesses the impairment of property, plant and equipment as at reporting date. The reason for the provision made in the previous year, was due to few machines not being used for continuous production. Based on the assessment carried out during the previous year, Rs. 9.3 Million worth of plant and machineries were written off against the provision. There was no requirement to make provision in the current year based on the assessment carried out current year.

9.4 Royalty expense

The Company pays Royalty for usage of Brands owned by Godrej Consumer Products Limited and PT Megasari Makmur. The amount of Royalty is linked to profitability, hence the Royalty expense for the current year has increased.

10 Net finance income

Finance income

Interest income from short term deposits (Note 10.1)	68,183,649	39,935,015
Exchange Gain (Note 10.2)	3,414,138	-
	71,597,787	39,935,015

Finance expense

Interest expense on lease - SLFRS 16 (Note 23.1)	(9,163,703)	(7,082,890)
Exchange Loss (Note 10.2)	(6,533,207)	(7,578,521)
Bank charges on overdraft and other banking facilities	(10,165,583)	(8,928,695)
	(25,862,492)	(23,590,106)

Net finance income

	45,735,295	16,344,909
--	-------------------	-------------------

10.1 Interest income from short term deposit mainly includes the interest income from fixed deposits. The Company further invested in fixed deposits amounting to Rs. 300 Mn for a 10 months period which provided higher interest income.

10.2 The reduction in exchange gains was primarily due to the shift by the Company from the three-month credit payment policy to immediate payment policy and changes in the exchange rates. Further, there were no significant fluctuations in the foreign currency denominates assets and liabilities as well as the exchange rate (2026 :319 and 2025 - 318/-).

11 Income tax charge

Current tax expense

Current taxation on profits for the year (Note 11.1)	182,904,556	121,198,099
	182,904,556	121,198,099

Deferred tax expense

Deferred tax liability originated during the year (Note 15.1)	2,653,167	23,567,845
Deferred tax asset (originated) / reversed during the year (Note 15.2)	(3,519,432)	(6,812,914)
	(866,265)	16,754,931
	182,038,291	137,953,030

Other comprehensive expense

Deferred tax asset (originated) during the year (Note 15.2)	598,332	(452,761)
---	---------	-----------



GODREJ HOUSEHOLD PRODUCTS LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March,

	2026	2025
	Rs.	Rs.
11 Income tax charge	2026	2025
	Rs.	Rs.
11.1 Reconciliation of the accounting profit and the income tax expense		
Profit before taxation	592,361,808	462,090,885
Disallowable expenses	99,283,939	64,975,118
Disallowable unrealized exchange losses	(2,917,830)	1,795,668
Allowable expenses	(81,040,504)	(63,921,014)
Assessable income	607,687,413	464,940,657
Tax losses utilized during the year	-	(60,946,995)
Taxable income	607,687,413	403,993,662
Income tax expenses for the year	182,904,556	121,198,099
Statutory corporate income tax rate	30%	30%
11.2 Movement of tax losses carried forward		
Balance at the beginning of the year	-	60,946,995
Set off against Taxable Income during the year	-	(60,946,995)
Balance at end of the year	-	-

11.3 As provided for in LKAS 12 - Income taxes, deferred tax assets and liabilities should be measured at the tax rate that are expected to be applied in the period in which the asset will be realized or the liability will be settled, based on the tax rate (and tax laws) that have been enacted or substantively enacted by the reporting date.

Accordingly, for the year, the Company has applied tax rate of 30% for the computation of current tax and deferred tax computation.



GODREJ HOUSEHOLD PRODUCTS LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March,

2026 2025

12. Basic earnings per share

Calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares outstanding as at reporting date.

Profit for the year (Rs.)	410,323,517	324,137,856
Weighted average number of ordinary shares (Note 19.1)	114,333,458	114,333,458
Basic earnings per share (Rs.)	3.59	2.84

12.1 Weighted average number of ordinary shares

Number of shares at the beginning of the year	114,333,458	114,333,458
Number of shares at the end of the year	114,333,458	114,333,458
Weighted average number of shares	114,333,458	114,333,458

13. Property, plant and equipment

	Buildings	Plant & Machinery	Laboratory Equipment	Molds and Tools	Electrical Installations	Furniture & Fixtures	Hardware Computer	Office Equipment	Capital Work-in Progress	Right-of-use assets - Building	Total 2026	Total 2025
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.		Rs.
Cost												
Balance as at beginning of the year	38,677,876	234,784,248	5,049,536	257,075	686,670	8,340,478	22,724,745	5,339,940	8,562,270	76,815,567	401,238,410	362,549,052
Additions during the year	3,681,725	55,643,262	3,317,000	121,600	368,000	2,279,412	6,871,781	3,409,043	(8,562,270)	-	67,129,550	119,990,463
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-	(56,036,000)
Transfers during the year	-	-	-	-	-	-	-	-	-	-	-	(276,880)
Write off during the year	-	-	-	-	-	-	-	-	-	-	-	(24,988,233)
Balance as at end of the year	<u>42,359,601</u>	<u>290,427,511</u>	<u>8,366,536</u>	<u>378,675</u>	<u>1,054,670</u>	<u>10,619,890</u>	<u>29,596,527</u>	<u>8,748,983</u>	<u>-</u>	<u>76,815,567</u>	<u>468,367,960</u>	<u>401,238,402</u>
Accumulated depreciation												
Balance as at beginning of the year	21,038,027	81,197,055	962,596	232,562	28,407	3,793,906	15,865,368	2,740,480	-	10,242,061	136,100,462	163,988,480
Charge for the year	4,278,384	23,788,485	607,305	26,695	69,474	679,555	4,259,724	1,141,715	-	15,363,113	50,214,450	43,759,367
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-	(56,035,996)
Writeoff during the year	-	-	-	-	-	-	-	-	-	-	-	(15,611,390)
Balance as at end of the year	<u>25,316,411</u>	<u>104,985,540</u>	<u>1,569,901</u>	<u>259,257</u>	<u>97,881</u>	<u>4,473,461</u>	<u>20,125,092</u>	<u>3,882,194</u>	<u>-</u>	<u>25,605,175</u>	<u>186,314,912</u>	<u>136,100,461</u>
Carrying amount												
As at 31 March 2026	<u>17,043,189</u>	<u>185,441,971</u>	<u>6,796,635</u>	<u>119,418</u>	<u>956,789</u>	<u>6,146,430</u>	<u>9,471,435</u>	<u>4,866,789</u>	<u>-</u>	<u>51,210,393</u>	<u>282,053,048</u>	
As at 31 March 2025	<u>17,639,848</u>	<u>153,587,190</u>	<u>4,086,940</u>	<u>24,515</u>	<u>658,263</u>	<u>4,546,573</u>	<u>6,859,378</u>	<u>2,599,463</u>	<u>8,562,270</u>	<u>66,573,504</u>		<u>265,137,941</u>

13.1 There were no idle property, plant and equipment at of reporting date.

13.2 No Property, plant and equipment have been pledged to obtain banking facilities as of reporting date.

13.3 No borrowing cost was capitalized during the year in respect of capital work .

13.4 Based on the assessment the management concluded that there was no impairment.



GODREJ HOUSEHOLD PRODUCTS LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

As at 31 March,

14 Intangible assets

Cost

	2026 Rs	2025 Rs.
Balance as at the beginning of the year	16,561,829	16,051,302
Additions during the year (Note 14.1)	7,776,236	510,527
Disposals during the year	-	-
Balance as at the end of the year	24,338,065	16,561,829

14.1 The Company made an investment over the Firewall during the year as the Company has given access to external suppliers and merchants to the Company's system in updating inventories, sales and sales returns.

Amortization

	2026 Rs	2025 Rs.
Balance as at the beginning of the year	12,989,318	11,589,416
Charge for the year	1,526,255	1,399,902
Balance as at the end of the year	14,515,573	12,989,318
Carrying amount as at 31 March	9,822,492	3,572,511

15 Deferred taxation

Deferred tax liabilities (Note 15.1)	(39,501,157)	(36,847,990)
Deferred tax assets (Note 15.2)	33,581,454	30,660,354
Net deferred tax Liability	(5,919,703)	(6,187,636)

15.1 Deferred tax liabilities

Balance as at the beginning of the year	36,847,990	13,280,145
---	------------	------------

Recognized in profit or loss

Originated during the year - recognized in profit or loss	2,653,167	23,567,845
	2,653,167	23,567,845
Balance as at the end of the year	39,501,157	36,847,990

15.2 Deferred tax assets

Balance as at the beginning of the year	30,660,354	23,394,679
---	------------	------------

Recognized in profit or loss

Originated during the year - recognized in profit or loss	3,519,432	6,812,914
	3,519,432	6,812,914

Recognized in other comprehensive income

Actuarial (gain)/loss	(598,332)	452,761
Balance as at the end of the year	33,581,454	30,660,354



15.3 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	31 March 2026			31 March 2025		
	Tax rate	Temporary difference	Tax effect	Tax rate	Temporary difference	Tax effect
					Rs.	Rs.
Deferred tax liabilities						
Property, plant and equipment	30%	77,694,418	23,308,326	30%	55,706,720	16,712,016
Intangible Asset	30%	2,765,712	829,714	30%	546,415	163,924
Actuarial gain	30%	-	-		-	-
Right of Use Asset - SLFRS 16 (Note 12)	30%	51,210,393	15,363,118	30%	66,573,504	19,972,049
		131,670,523	39,501,157		122,826,639	36,847,990
Deferred tax assets						
Employee benefits (Note 20.2)	30%	24,476,956	7,343,087	30%	17,420,874	5,226,262
Actuary (Gain)/ Loss (Note 20.2)	30%	(1,994,441)	(598,332)	30%	1,509,202	452,761
Lease liability - SLFRS 16	30%	59,413,502	17,824,053	30%	70,334,917	21,100,475
Provision for impairment of Trade Receivable (Note 15.6)	30%	2,978,296	893,489	30%	596,783	179,035
Provision for Inventory (Note 15.6)	30%	27,063,861	8,119,158	30%	12,339,397	3,701,821
		111,938,175	33,581,454		102,201,173	30,660,354
Net deferred tax (liability) / assets			(5,919,703)			(6,187,636)

GODREJ HOUSEHOLD PRODUCTS LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

15. Deferred taxation (Contd.)

15.6 Unrecognized deferred tax assets

In the current year, the Company has started recognizing deferred tax assets on deductible temporary differences related to inventory provision and trade debtors provision. These were not recognized in prior years due to uncertainty regarding the availability of future taxable profits. As all brought forward tax losses have now been fully utilized, the Company expects sufficient taxable profits going forward and has recognized an amount which is 50% to 55% of the total balance of these deductible temporary differences as a deferred tax asset on staggered basis.

The unrecognized portion of the deferred tax relating to these temporary differences is disclosed below.

Description	2026	Recognized temporary difference	Unrecognized temporary difference
	Rs.	Rs.	Rs.
Provision for impairment of trade receivables (Note 17.1)	5,921,066	2,978,296	2,942,770
Provision for inventory (Note 16.1)	53,757,186	27,063,861	26,693,324

As presented in Note 15.3 temporary differences of Rs. 30,042,158/- recognized resulted in total deferred tax asset of Rs. 9,012,647/-

Unrecognized Deferred Tax asset

	As at 31 March 2026			As at 31 March 2025		
	Temporary difference	Tax rate	Tax effect	Temporary difference	Tax rate	Tax effect
	Rs.	%	Rs.	Rs.	%	Rs.
Provision for impairment of trade receivables (Note 17.1)	2,942,770	30%	882,831	1,790,350	30%	537,105
Provision for inventory (Note 16.1)	26,693,324	30%	8,007,997	37,018,190	30%	11,105,457
			8,890,828			11,642,562

As at 31 March,

16 Inventories

	2026	2025
	Rs.	Rs.
Raw material and packing material (Note 16.2)	254,429,407	174,177,722
Work in progress	13,618,869	53,464,260
Finished goods (Note 16.2)	158,504,966	134,277,825
Goods in transit (Note 16.3)	8,507,749	-
Other	6,360,635	4,083,846
	441,421,626	366,003,654
Less: Provision for obsolete and slow moving inventory (Note 16.1)	(53,757,186)	(49,357,587)
	387,664,441	316,646,066

16.1 Provision for obsolete and slow moving inventory

Balance as at the beginning of the year	49,357,587	91,700,311
Write off during the year	(1,906,900)	(65,135,259)
Provision during the year	6,306,499	22,792,535
Balance as at the end of the year	53,757,186	49,357,587

16.1.1 Analysis of inventory write off as follows

Inventory Discrepancy FG/ Traded	534,115	4,892,506
Inventory Write Off-FG/Traded	416,294	10,325,393
Inventory Write Off - RM/PM	659,694	14,181,916
Inventory Write Off - SFG	-	17,532,741
Inventory Write Off Other Consumables	84,903	(331,919)
Inventory Write Off - RM/PM/SFG	211,894	18,534,621
Charged directly to cost of sales after reversing from the provision	1,906,900	65,135,259



GODREJ HOUSEHOLD PRODUCTS LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2026

16 Inventories (Cont.)

The Company has written-off expired, damaged and non-moving inventories along with discrepancies identified during the stock verifications amounting to Rs.65,135,258/- during the previous financial year. The Company has already made provisions for such inventory. As a practice, the Company reverses the monthly inventory provision and records inventory provision at the end of each month. Hence, above write offs directly charge to Profit or loss under cost of sales.

16.1.2 The Board of Directors has assessed the potential impairment loss of inventory as at 31 March 2026. Based on the assessment, no additional impairment provision was required other than provided in the financial statements as of the reporting date.

16.2 Inventory balances increased mainly due to higher raw material stocks and the Company's strategy of maintaining higher inventory levels to support continuous production in response to increased sales demand. In addition, the Company has reduced the importation of certain products and commenced local manufacturing, which has further contributed to the increase in inventory balances.

16.3 Goods in transit include goods imported from Godrej Consumer Products Limited (India) as at reporting date. The Company has recognized goods in transit based on the international shipping terms.

16.4 Inventory provision as at 31 March 2025 consists of special provision amounting Rs. 34,602,015/- for rejected "Coils" which will be returned to the Company due to market failure.

As at 31 March,

17 Trade and other receivables

	2026	2025
	Rs.	Rs.
Trade receivables	357,709,133	300,167,314
Reversal for impairment of trade receivables (Note 17.1)	(5,921,066)	(2,387,133)
	<u>351,788,067</u>	<u>297,780,181</u>
Contract Assets - Sales returns (Note 17.2)	47,537,351	41,127,081
Deposits and advances	62,513,465	71,225,956
	<u>461,838,882</u>	<u>410,133,217</u>
17.1 Provision for impairment of trade receivables		
Balance as at the beginning of the year	2,387,133	31,877,157
Write off during the year	-	(25,956,681)
Charge/ (Reversal) during the year (Note 17.1.1)	3,533,933	(3,533,343)
Balance as at the end of the year	<u>5,921,066</u>	<u>2,387,133</u>

17.1.1 The Company recorded a reduction in the debtor provision primarily due to a write-off of Rs. 25,956,681 in previous year. The write-off related to long-outstanding customer balances for which the Company had previously initiated legal proceedings.

17.2 Contract assets include the cost of sales relating to anticipated sales returns.

18 Cash and cash equivalents

	2026	2025
	Rs.	Rs.
Cash in hand	86,894	68,268
Cash at bank	418,911,984	385,620,771
Short term deposits	405,786,301	507,761,549
	<u>824,785,180</u>	<u>893,450,589</u>
Cash and cash equivalents for the purpose of statement of cash flows	<u>824,785,180</u>	<u>893,450,589</u>

Cash and cash equivalents are measured and reported at amortized cost as of reporting date.

19 Stated capital

Issued and fully paid

114,333,458 ordinary shares (Note 19.1)

19.1 Rights, preference and restrictions of classes of capital

The holders of ordinary shares are entitled to receive dividend from time to time and are entitled to one vote per share at meetings of the Company.



	2026	2025
	Rs.	Rs.
	<u>1,159,786,962</u>	<u>1,159,786,962</u>

GODREJ HOUSEHOLD PRODUCTS LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

19 Stated capital (Contd.)

As at 31 March,

	2026		2025	
	Rs.	Number of shares	Rs.	Number of shares
Balance at the beginning of the year	1,159,786,962	114,333,458	1,159,786,962	114,333,458
Share issue during the year	-	-	-	-
Balance at the end of the year	1,159,786,962	114,333,458	1,159,786,962	114,333,458

20 Employee benefits

20.1 Defined contribution plans

Following contributions have been made to Employees' Provident Fund and Employees' Trust Fund during the year.

For the year ended 31 March,

	2026 Rs.	2025 Rs.
Employees' Provident Fund		
Employer's contribution	11,953,710	8,544,953
Employee's contribution	7,969,140	5,696,635
Employees' Trust Fund	2,988,428	2,143,125

20.2 Defined Benefit Plan

Balance at the beginning of the year	18,930,076	12,506,054
Provision recognized in profit or loss (Note 20.2.1)	5,917,664	4,914,820
Provision recognized in other comprehensive income (Note 20.2.2)	(1,994,441)	1,509,202
	22,853,299	18,930,076
Payments made during the year	(370,784)	-
Balance at end of the year	22,482,515	18,930,076

20.2.1 Provision recognized in the profit or loss

Current service cost	4,101,510	3,583,529
Interest on obligation	1,816,154	1,331,291
	5,917,664	4,914,820

20.2.2 Provision recognized in other comprehensive income

Actuarial (surplus)/ loss during the year	(1,994,441)	1,509,202
---	-------------	-----------

The Company measures the present value of retirement benefits of gratuity based on an internally generated model using

The principal assumptions made are given below.

	2026	2025
Expected salary increment rate	10.00%	13.00%
Discount rate	10.00%	11.00%
Staff turnover rate	10.00%	11.00%
Retirement age	60 years	60 years

The above provision has not been externally funded.

20.3 Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	2026 Rs.	2025 Rs.
1% increase in discount rate	(1,353,325)	(1,107,534)
1% decrease in discount rate	1,459,871	1,190,563
1% increase in salary increment rate	1,446,215	1,158,109
1% decrease in salary increment rate	(1,365,276)	(1,097,993)

21 Trade and other payables

Trade payable to related companies (Note 21.1)

Other trade payables (Note 21.2)

Other payables and accruals (Note 21.3)



	2026	2025
	Rs.	Rs.
	(42,882,497)	(33,404,429)
	14,025,555	29,242,861
	574,023,109	463,411,634
	545,166,167	459,250,066

GODREJ HOUSEHOLD PRODUCTS LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

As at 31 March,

	2026 Rs.	2025 Rs.
21 Trade and other payables (Contd.)		
21.1 Trade payable to related companies		
Godrej Consumer Products Limited (India) (Note 21.1.1)	(42,882,497)	(33,404,429)
	(42,882,497)	(33,404,429)

21.1.1 Trade receivable to relating to related companies increased compared to March 2025 mainly due to due to the delayed settlements made to Godrej Consumer Products Limited (GCPL) which is the parent company and the main vendor of Godrej. Further, there is a negative balance due to the exceeds payments made to the Godrej Consumer Products Limited (GCPL) and excess payments made by the Company were held as advances for future purchases as at 31 March 2025 and 2026.

21.2 Compared to the last year other trade payables decreased due to the change in credit policy from 3 months period to immediate payments which had an impact on the significant decrease in foreign creditors.

	2026 Rs.	2025 Rs.
21.3 Other payables and accruals		
Accruals for advertisement (Note 21.3.1)	157,048,999	82,014,131
Bonus accrual	44,061,138	39,841,612
VAT payables	23,830,918	18,770,283
Accrued expenses (Note 21.3.2)	249,246,660	210,653,999
Provision for Sales returns (Note 21.3.3)	79,228,918	68,545,134
Other payables	20,606,476	43,586,475
	574,023,109	463,411,634

21.3.1 Accruals for advertisement

The accruals for advertisement increased due to the increase in the advertising for the year, amounting to Rs. 75 million. This increase reflects the Company's continued efforts to strengthen its marketing strategy, particularly through a significant increase in television advertisements aimed at boosting sales.

21.3.2 Accrued Expense

Accrued expenses primarily comprise audit fees payable, professional fees, production expenses, HR-related costs, and SSCL tax.

21.3.3 Both sales and sales returns of the Company have increased during the year resulting in an increase in provision for expected sales returns.

	2026 Rs.	2025 Rs.
22 Current taxation		
Balance as at the beginning of the year	32,258,733	1,560,634
Provision for the year (Note 11)	182,904,556	121,198,099
	215,163,289	122,758,733
Payments made during the year	(145,679,657)	(90,500,000)
Balance as at the end of the year	69,483,632	32,258,733

23 Lease liability

23.1 Lease liabilities

Balance as at the beginning of the year	70,334,917	5,912,941
Addition during the year (Note 13)	-	76,815,567
Interest expense for the year (Note 10)	9,163,703	7,082,890
Repayment during the year	(20,085,118)	(19,476,481)
Balance at the end of the year	59,413,502	70,334,917
Payable after one year	45,466,081	59,413,501
Payable within one year	13,947,421	10,921,416
	59,413,502	70,334,917



A lease agreement for the land and building located at Assessment No. 7C, Post Masters' Place, Templer Road, Mount Lavinia, was renewed between the Company and Mr. Dulshan and Mr. Dilan Beruwalage. The five-year lease will be concluded on July 31, 2029.

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 01 August 2024. The weighted average rate applied was 14%.

GODREJ HOUSEHOLD PRODUCTS LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026

23 Lease liability (Contd.)

Information about lease for which the Company is a lessee is presented below.

23.1.1 Right-of-use assets

Right-of-use assets related to leased properties are presented as property, plant and equipment.

As at 31 March,

	Building	
	2026	2025
	Rs.	Rs.
Balance at the beginning of the year	66,573,501	3,735,743
Addition to Right-of-use assets during the year (Note 13)	-	76,815,567
Amortization for the year (Note 13)	(15,363,113)	(13,977,809)
Balance at the end of the year	51,210,390	66,573,501

23.1.2 Amounts recognized in profit or loss

For the year ended 31 March - Leases under SLFRS 16

	2026	2025
	Rs.	Rs.
Interest on lease liabilities (Note 10)	9,163,703	7,082,890
Depreciation of right-of-use assets (Note 13)	15,363,113	11,207,199
Expenses relating to short-term leases	25,990,448	19,249,723
	50,517,265	37,539,812

23.1.3 Amounts recognized in statement of cash flows

The Company has classified:

- cash payments for the principal portion of lease payments as financing activities;
- cash payments for the interest portion as operating activities consistent with the presentation of interest payments chosen by the Company
- short-term lease payments and payments for leases of low-value assets as operating activities.

The Company has not restated the comparative information.

For the year ended 31 March,

	2026	2025
	Rs.	Rs.
Total cash outflow for leases	20,085,118	19,476,481
	20,085,118	19,476,481

24 Related party transactions

The Company carried out transactions in the ordinary course of its business with parties who are defined as related parties in accordance with LKAS 24 - Related Party Disclosures. The details of which are given below.

a) Transactions with Key Management Personnel

According to Sri Lanka Accounting Standard 24 - Related Party Disclosures, the Key Management Personnel (KMP) are those having authority and responsibility for planning, directing, and controlling the activities of the entity. Accordingly, the Directors of the Company have been classified as KMP of the Company.

As Godrej Consumer Products Limited, India is the parent of the Company, the Board of Directors of Godrej Consumer Products Limited, India, has the authority and responsibility of planning, directing and controlling the activities of the Company and The directors of Godrej Consumer Products Limited, India, are not paid any benefit by the Company. However the local directors are been paid in terms of their executive capacity.

For the year ended 31 March,

	2026	2025
	Rs.	Rs.
Short term benefits	24,186,000	19,370,436
Post employee benefits	745,380	468,613
	24,931,380	19,839,049



GODREJ HOUSEHOLD PRODUCTS LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026

24 Related party transactions (Contd.)

b) Transactions with Related Entities

Name of the Related Party	Relationship	Nature of Transaction	Transaction amount	
			2026 Rs.	2025 Rs.
Godrej Consumer Products Limited (India)	Parent	Purchases	361,115,814	322,217,873
		Software charges	11,587,807	10,362,907
		Other support service fees	2,858,663	-
		Royalty paid	93,225,522	81,628,642
		Payments	(477,227,676)	(522,494,445)

Amounts due to related parties as at 31 March 2026 are disclosed in the Note 21.1 to the Financial Statements respectively.

25 Financial Risk Management

Overview

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

1. Credit risk
2. Market risk
3. Liquidity risk
4. Operational risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further, quantitative disclosures are included throughout this financial statement.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

25.1. Credit risk

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

Company is exposed to credit risk on its trade receivables. The Company together with its parent company does an extensive and continuous evaluation of the credit worthiness of its third-party customers and apply the credit limits or change the payment terms if necessary.



GODREJ HOUSEHOLD PRODUCTS LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026

25 Financial Risk Management (Contd.)

25.1. Credit risk (Contd.)

Exposure to credit risk

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

	2026 Rs.	2025 Rs.
Trade receivables (Note 17)	357,709,133	300,167,314
Cash and cash equivalents (Note 18)	824,785,180	893,450,589
	1,182,494,313	1,193,617,903

The aging of trade receivables at the reporting date was:

Impairment of trade receivables

	2026		2025	
	Gross Rs.	Impairment Rs.	Gross Rs.	Impairment Rs.
Not past due	331,301,210	-	191,494,633	-
Past due 0-30 days	19,261,848	-	65,043,790	-
Past due 31-180 days	4,672,672	-	12,496,919	-
More than 180 days	2,473,404	5,921,066	31,131,972	31,877,157
	357,709,133	5,921,066	300,167,314	31,877,157

25.2 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates which will affect the Company's income or the value of its holdings of financial instruments. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

25.2.1 Currency risk

Currency risk a form of risk that arises from the change in price of one currency against another. The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Company.

The following significant exchange rates were applied during the year:

	Average rate		Reporting date spot rate	
	2026	2025	2026	2025
USD	304.36	296.32	319.31	296.35
GBP	407.99	383.61	416.38	383.78
INR	3.44	3.42	3.33	3.46

25.2.2 Exposure to foreign exchange risk

As at 31 March 2026

	GBP Rs.	USD Rs.	INR Rs.	Total Rs.
Financial assets				
Cash and cash equivalents	-	570,406	-	570,406
Short term loans and advances	-	43,190,815	-	43,190,815
	-	43,761,221	-	43,761,221
Financial liabilities				
Trade payable	57,107	-	334,012	391,119
	57,107	-	334,012	391,119

As at 31 March 2025

	GBP Rs.	USD Rs.	INR Rs.	Total Rs.
Financial assets				
Cash and Cash equivalents	-	11,977,847	-	11,977,847
Trade and other receivables	-	34,560,628	-	34,560,628
	-	46,538,475	-	46,538,475
Financial liabilities				
Trade & other payable	60,311	-	473,928	534,239
	60,311	-	473,928	534,239



GODREJ HOUSEHOLD PRODUCTS LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026

25 Financial Risk Management (Contd.)

25.2 Market Risk (Cont.)

25.2.3 Interest rate risk

Interest rate risk is the risk that the fair value of the cash flows of financial instruments will fluctuate because of changes in market interest rate; interest rate risk arises on interest bearing financial instruments recognized in statement of financial position.

The interest rate risk of the Company arises from financial instruments which are exposed to variable or fixed rate interest rates. Variable interest rates expose the company to cash flow due to the impact on the quantum of interest payable. Financial instruments with interest rates are subject to variations in fair values due to market interest.

The Company closely monitors market interest rate movements and implement appropriate strategies in order to minimize the interest rate risk associated with financial instruments with rates.

<i>As at 31 March</i>	2026	2025
	Rs.	Rs.
<u>Lease Liability</u>		
Lease Liability	59,413,502	70,334,917

25.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company encounters the liquidity risk mainly due to its trade payables and other payables, loans and borrowings and bank overdraft.

<i>As at 31 March 2026</i>	Carrying amount	6 months or less	6-12 months	1-5 years	More than 5 years
Trade and Other Payables	(28,856,942)	(28,856,942)	-	-	-
Lease liability	59,413,502	6,973,711	6,973,711	45,466,081	-
Total current liabilities	30,556,560	(21,883,232)	6,973,711	45,466,081	-

<i>As at 31 March 2025</i>	Carrying amount	6 months or less	6-12 months	1-5 years	More than 5 years
Trade and Other Payables (Note 21)	(4,161,568)	(4,161,568)	-	-	(4,161,568)
Lease liability (Note 23)	70,334,917	5,460,708	5,460,708	59,413,501	70,334,917
Total current liabilities	66,173,349	1,299,140	5,460,708	59,413,501	66,173,349

25.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance when this is effective.



GODREJ HOUSEHOLD PRODUCTS LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026

26 Fair Values of Financial Instruments

26.1 Fair value of financial instruments carried at amortized cost.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

As at 31 March 2026

		Total			
	Carrying amount	Level 1	Level 2	Level 3	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets					
Trade Receivables (Note 17)	357,709,133	-	-	357,709,133	357,709,133
Cash and cash equivalents (Note 18)	824,785,180	-	824,785,180	-	824,785,180
	1,182,494,313	-	824,785,180	357,709,133	1,182,494,313
Financial liabilities					
Trade Payables (Note 21)	(28,856,942)	-	-	(28,856,942)	(28,856,942)
Lease liability (Note 23)	59,413,502	-	-	59,413,502	59,413,502
	30,556,560	-	-	30,556,560	30,556,560

As at 31 March 2025

		Total			
	Carrying amount	Level 1	Level 2	Level 3	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets					
Trade Receivables (Note 17)	300,167,314	-	-	300,167,314	300,167,314
Cash and cash equivalents (Note 18)	893,450,589	-	893,450,589	-	893,450,589
	1,193,617,903	-	893,450,589	300,167,314	1,193,617,903
Financial liabilities					
Trade Payables (Note 21)	(4,161,568)	-	-	(4,161,568)	(4,161,568)
Lease liability (Note 23)	70,334,917	-	-	70,334,917	70,334,917
	66,173,349	-	-	66,173,349	66,173,349

The methods and assumptions used to estimate the fair values of the financial instruments are as follows:

- Cash and cash equivalents/ Bank Overdrafts – The carrying amount of cash and cash equivalents approximate its fair value due to the relatively short maturity of the financial instruments.
- Trade and other receivables/ Trade and other payables - The carrying amount of these financial assets and liabilities approximate its fair value due to the relatively short maturity of the financial instruments.

27 Events occurring after the reporting date

No circumstances have arisen since the reporting date which would require adjustments to or disclosure in the financial statements

28 Capital commitments

There were no contracts for capital expenditure of material amounts approved or contracted for as at reporting date. However, the Company has committed for Rs. 4.3 Mn relating to the on-going projects.

29 Contingent liabilities

There are no significant commitments or contingencies outstanding as at the reporting date except for following:

(a) Assessment received from Department of Inland Revenue for value added tax

The Company is currently involved in a pending litigation regarding a Value Added Tax (VAT) assessment and associated penalty totaling Rs. 75,438,849, issued by the Department of Inland Revenue. The dispute relates to compensation received from Kiwi European Holdings BV following the termination of an agreement with the Company.

The Tax Appeals Commission issued its determination on 19 February 2021. In response, the Company submitted a formal application contending that the compensation received was in respect of the relinquishment of a right and not consideration for a taxable supply. Accordingly, the Company argued that the VAT assessment and penalty imposed by the Commissioner General of Inland Revenue are excessive, arbitrary, and unreasonable. Following the determination, the case was referred to the Court of Appeal. The application was supported, and the case brief was formally received by the Court from the Tax Appeals Commission.



GODREJ HOUSEHOLD PRODUCTS LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026

29 Contingent liabilities (Contd.)

(a) Assessment received from Department of Inland Revenue for value added tax (Contd.)

The parties have tendered their written submissions. However, it has since been refixed for argument on a number of occasions. It has now been refixed for argument in Court of Appeal on 24 September 2026. Once a matter is listed for argument it is likely to take approximately six months for a judgment provided there is no change in the composition of the judges hearing the case.

The inherent risks associated with litigation stating that the Company has a very strong case to eventually succeed in its appeal, hence, the Company may not be liable for the same.

(b) Assessment received on income tax for YoA - 2015/16

The Department of Inland Revenue (IRD) has raised an assessment on the Company for the year of assessment 2015/2016 assessing the Company to pay an additional income tax liability of Rs.2,514,691/- with a penalty of Rs.1,582,984/-. A valid Appeal has been lodged in response to the Notice of Assessment for income tax for the year of assessment 2015/2016. The Appeal is pending settlement. A Tax in Default Notice has also been issued by the IRD for the recovery of the outstanding tax. A valid objection has been lodged against the same.

Directors are of the view that the Company has followed due process and acted in accordance with the prevailing laws in its tax submissions for and therefore, the above assessment has no rationale or basis in law. Accordingly, no provision has been made in the financial statements and considered as a contingent liability.

30 Litigation and claims

There are no litigation and claims as at the reporting date.



31 Comparative figures

Where necessary, information has been reclassified to conform to current year's presentation and classification.

32 Board of Director's responsibility for financial reporting

The Board of Directors is responsible for the preparation and presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka and the Companies Act No. 7 of 2007.