

R. C. AGARWAL & CO.
CHARTERED ACCOUNTANTS

102, Laxman Palace, 19, Veer Savarkar Block, Madhuban Road, Shakarpur, Delhi-110092
Ph.: Off: 42445220 , Mob: 9810039548 E- Mail - rcagg1944@gmail.com , rcagg2003@yahoo.com

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF Godfrey Phillips India Limited

Report on the standalone financial statement by the auditors of Flavors & More Inc, USA to S.R. BATLIBOI & CO. LLP., auditors of Godfrey Phillips India Limited (GPI)

We have audited the accompanying consolidated financial statements of Flavors & More Inc, USA ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year then ended and other reconciliations and information (all collectively referred to as the Fit for Consolidation (FFC) Accounts).

Management's Responsibility for the FFC Accounts

These FFC Accounts are the responsibility of the Company's Board of Directors. This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these FFC Accounts based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the FFC Accounts are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the FFC Accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the FFC Accounts that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls systems over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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These FFC accounts have been prepared solely to enable GPI to prepare its Consolidated Financial Statements in accordance with the requirements of IND-AS 110 'Consolidated Financial Statements' and not to report on **FLAVORS AND MORE INC, USA** as a separate entity.

Opinion

In our opinion, these FFC Accounts have been prepared, in all material respects, in conformity with accounting principles of GPI and the instructions received from controller of accounts and are suitable for inclusion in the Consolidated Financial Statements of GPI prepared in accordance with the requirements of IND-AS 110 'Consolidated Financial Statements'

We draw attention to note 17 in the Ind AS financial statements which, indicate that the Company has accumulated losses and its net worth has been substantially eroded, the Company has incurred loss during the current year. These conditions, along with other matters set forth in Notes 17, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our Opinion is not qualified in this matter.

We further state that there are no other matters that, in our judgment, need to be reported to you.

This report is intended solely for the use of S. R. BATLIBOI & CO LLP in connection with the audit of the Consolidated Financial Statements of GPI and should not be used for any other purpose.

For R.C. Agarwal & co.

Chartered Accountants

FRN No. : 003175N


R.C. Agarwal

Partner

Membership No 010200.

UDIN: 21010200AAAAAM8645



Place: New Delhi

Date: June 01, 2020

FLAVORS AND MORE, INC.
BALANCE SHEET AS AT MARCH 31, 2021
All amounts in USD unless otherwise stated

Particulars	Note No.	As at 31.03.2021	As at 31.03.2020
ASSETS			
Current assets			
Investment	5	20,102	20,102
Inventories	6	-	-
Financial assets			
-Cash and cash equivalents	7	4,728	27,190
Other current assets	8	-	85
Total current assets		24,830	47,377
Total assets		24,830	47,377
EQUITY AND LIABILITIES			
Equity			
Equity share capital	9	22,60,000	22,60,000
Other equity	10	(22,40,401)	(22,14,435)
Total equity		19,599	45,565
Liabilities			
Current liabilities			
Financial liabilities			
-Trade payables	11	5,231	1,812
Total current liabilities		5,231	1,812
Total liabilities		5,231	1,812
Total equity and liabilities		24,830	47,377

Notes forming part of the Financial Statements 1-23

In terms of our report attached
For R.C.Agrawal & Co.
Chartered Accountants

For and on behalf of the Board of Directors

R.C.Agrawal
Partner
Membership No 010200
FRN No : 003175N
Place: New Delhi
Date: June 01, 2021



[Signature]

Robin Sethi
Director

[Signature]

Bhisham Wadhera
Director

FLAVORS AND MORE, INC.
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31,2021

All amounts in USD unless otherwise stated

Particulars	Note No.	As at 31.3.2021	As at 31.3.2020
I EXPENSES			
Other expenses	12	25,966	24,016
TOTAL EXPENSES		25,966	24,016
II Loss before tax(II-I)		(25,966)	(24,016)
Tax expense:			
Current tax		-	-
III Loss for the period		(25,966)	(24,016)
IV Other comprehensive income		-	-
V Total comprehensive income for the year		(25,966)	(24,016)
Earning per equity share- basic/diluted			
1) Basic		(23)	(21)
2) Diluted		(23)	(21)

Notes forming part of the Financial Statements

1-23

In terms of our report attached
For R.C.Agrawal & Co.
Chartered Accountants

For and on behalf of the Board of Directors

R.C.Agrawal
Partner
Membership No 010200
FRN No : 003175N
Place: New Delhi
Date: June 01, 2021



[Signature]

Robin Sethi
Director

[Signature]

Bhisham Wadhwa
Director



FLAVORS AND MORE, INC.
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

All amounts in USD unless otherwise stated

Particulars	Note	For the year ending	
		31 March 2021	31 March 2020
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before tax		(25,966)	(24,016)
Operating profit before working capital changes		(25,966)	(24,016)
Adjustments for:			
Current assets:			
Trade receivables		-	375
Other current assets	8	85	14,090
Trade payables	11	3,419	(1,900)
Net increase / (decrease) in working capital		3,504	12,565
Net cash from operating activities		(22,462)	(11,451)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(22,462)	(11,451)
Opening cash and cash equivalents		27,190	38,641
Closing cash and cash equivalents		4,728	27,190

Notes forming part of the Financial Statements

1-23

In terms of our report attached
For R.C.Agrawal & Co.
Chartered Accountants

R.C.Agrawal

Partner
Membership No 010200
FRN No : 003175N
Place: New Delhi
Date: June 01, 2021



For and on behalf of the Board of Directors

Robin Sethi

Director

Bhisham Wadhwa

Director

FLAVORS AND MORE, INC.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts in USD unless otherwise stated

1. Corporate information

Flavors and More, Inc. ('the Company') is a private limited company incorporated in USA on 26 June 2015 . The Company is engaged in trading and distribution of vaping products.

The addresses of its registered office is FLAVORS AND MORE INC., 2711 Centerville Road, Suite 400, Wilmington, DE 19808, USA

2. Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

Up to the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is June 26, 2015. In view of Note No. 22, these financials have not been prepared on the principles of going concern.

3. Basis of preparation and presentation

3.1. Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies mentioned below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

3.2. Use of estimates

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balance of assets and liabilities, revenues and expenses and disclosures relating to contingent assets and contingent liabilities.

The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results may differ from these estimates. Any revision to the accounting estimates or difference between the estimates and the actual results are recognised in the periods in which the results are known/materialise or the estimates are revised and future periods affected.

4. Significant accounting policies

4.1. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue includes excise duty and excludes value added tax, estimated customer returns, trade discounts, sales incentive and other similar allowances.

4.1.1. Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.



FLAVORS AND MORE, INC.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts in USD unless otherwise stated

4.1.2. Income from services

Revenue from service contracts priced on a time basis is recognised when services are rendered and related costs are incurred.

4.2. Employee benefits

4.2.1. Short term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

4.2.2. Termination benefits

Termination benefits are immediately recognised as an expense as and when incurred.

4.3. Property, plant and equipment

4.3.1. Recognition and measurement

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and any recognised impairment losses, and include interest on loans attributable to the acquisition of qualifying assets upto the date they are ready for their intended use.

4.4. Intangible assets

4.4.1. Recognition and measurement of intangible assets acquired separately

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

4.4.2. Derecognition of intangible asset

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

4.5. Inventories

Inventories are stated at lower of cost and net realisable value. The cost of raw materials, stores and spares and traded goods is determined on moving weighted average cost basis. The cost of finished goods and work-in-process is determined on standard absorption cost basis which approximates actual costs. Absorption cost comprises raw materials cost, direct wages, appropriate share of production overheads and applicable excise duty paid/payable thereon.

Net realisable value is the estimated selling price for inventories in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale.



NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts in USD unless otherwise stated

4.6. Provisions and contingencies

4.6.1. Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When the effect of time value is material, the amount is determined by discounting the expected future cash flows.

4.7. Financial instruments

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

4.7.1. Financial assets

4.7.1.1. Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

4.7.1.2. Classification of financial assets

Classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Company classifies its financial assets in the following measurement categories:

- ▶ those measured at amortized cost,
- ▶ those to be measured subsequently at fair value, either through other comprehensive income (FVTOCI) or through profit or loss (FVTPL)

Financial assets at amortised cost:

A financial assets is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.



NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts in USD unless otherwise stated

Financial assets at FVTOCI:

A financial asset is classified as at the FVTOCI if both of the following criteria are met unless the asset is designated at fair value through profit or loss under fair value option.

(a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial asset, and

(b) The asset's contractual cash flows represent SPPI.

Financial assets at FVTPL:

FVTPL is a residual category for financial assets. Any asset, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

4.7.1.3. Equity investment in subsidiaries, associates and joint ventures

Investments representing equity interest in subsidiaries, associates and joint ventures are carried at cost less any provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

4.7.1.4. Derecognition

A financial asset is primarily derecognised when:

- ▶ The rights to receive cash flows from the asset have expired, or
- ▶ The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

4.7.1.5. Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.

The Company believes that, considering their nature of business and past history, the expected credit loss in relation to its trade receivables and other financial assets is non-existent or grossly immaterial. Thus, the Company has not recognised any provision for expected credit loss. The Company reviews this policy annually, if required.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

4.7.2. Financial liabilities

4.7.2.1. Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.



NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts in USD unless otherwise stated

4.7.2.2. Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

4.7.2.5. Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

4.8. Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

4.9. Earnings per share (EPS)

Basic and diluted earnings per share has been computed by dividing the profit/(loss) after tax by the weighted average number of equity shares outstanding during the year.



NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts in USD unless otherwise stated

4.10. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Company.

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ▶ Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- ▶ Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- ▶ Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.



FLAVORS AND MORE, INC.

All amounts in USD unless otherwise stated

	As at 31.3.2021	As at 31.3.2020
5. Investment		
Shares of KKM Management Centre Middle East FZC	20,102	20,102
	<u>20,102</u>	<u>20,102</u>
6. Inventories		
At lower of cost and net realisable value:		
Vaping Material	3,20,129	3,20,129
Less:- Provision for write down in value of inventory	(3,20,129)	(3,20,129)
	<u>-</u>	<u>-</u>
7. Cash and cash equivalents		
(as per cash flow statement)		
Cash on hand	-	-
Balances with Banks		
-In current accounts	4,728	27,190
Cash and cash equivalents as per cash flow statement	<u>4,728</u>	<u>27,190</u>
8. Other assets		
Current		
- Others	-	85
	<u>-</u>	<u>85</u>



FLAVORS AND MORE, INC.**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021**

All amounts in USD unless otherwise stated

9. Equity Share Capital

	<u>Amount</u>
As at March 31, 2019	22,60,000
Changes in equity share capital during the year	-
As at March 31, 2020	22,60,000
Changes in equity share capital during the year	-
As at March 31, 2021	22,60,000

10. Other equity

Particulars	Reserve and Surplus
	Retained earnings
Balance as at March 31, 2019	(21,90,419)
Loss for the year	(24,016)
Other Comprehensive income or the year, net of income-tax	-
Total Comprehensive Income	(22,14,435)
Payment of Dividends	-
Balance as at March 31, 2020	(22,14,435)
Loss for the year	(25,966)
Other Comprehensive income or the year, net of income-tax	-
Total Comprehensive Income	(22,40,401)
Payment of Dividends	-
Balance as at March 31, 2021	(22,40,401)

Notes forming part of the Financial Statements

1-23

In terms of our report attached

For and on behalf of the Board of Directors

For R.C.Agrawal & Co.
Chartered Accountants

R.C.Agrawal
Partner
Membership No 010200
FRN No : 003175N
Place: New Delhi
Date: June 01, 2021




Robin Sethi

Director


Bhasham Wadhwa

Director

FLAVORS AND MORE, INC.

All amounts in USD unless otherwise stated

	Year ended 31.3.2021	Year ended 31.3.2020
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11. Trade payables

Payable to suppliers of goods and services	5,231	1,812
	<u>5,231</u>	<u>1,812</u>

Trade payables are non-interest bearing and are normally settled on 60-day terms.

12 Other Expenses

Bank charges	352	574
Bookkeeping charges	-	3,000
Business promotion expenses	1,437	1,545
Insurance charges	-	4,140
Legal and professional fees and expenses	23,703	3,914
Rates and taxes	474	668
Rent	-	9,300
Debtors written off	-	375
Misc. expenses	-	499
	<u>25,966</u>	<u>24,016</u>



FLAVORS AND MORE, INC.

All amounts in USD unless otherwise stated

	Year ended 31.3.2021	Year ended 31.3.2020
13. Earnings per share has been computed as under:		
(a) Net profit as per statement of profit and loss	(25,966)	(24,016)
(b) Weighted average number of equity shares Outstanding	1,130	1,130
(c) Basic and diluted earnings per share-Rupees	(23)	(21)
14 In the opinion of the board , the current assets and loans and advances are approximately of the value stated, if realised, in the ordinary course of business. There are no contingent liabilities outstanding as the end of year.		
15 Being a Single unit company, segment reporting in accordance with IND-AS 108 is not applicable.		
16 There are no deferred Tax assets/liabilities pursuant to IND-AS 12.		
17 During the year, the Company has incurred a loss of USD 25,966 (March 31, 2020 – USD 24,016) with aggregated losses till March 31, 2021 amounting to USD 22,40,401. Since the Company does not intend to carry on the business activities, it has filed certificate of dissolution with prescribed authority in the State of Delaware in the United states of America to facilitate voluntary liquidation. In the view of the above, these financial statements have not prepared on principles of going concern.		
18 The Company has received two notices from the Worker's Compensation Board of State of New York ('Board') alleging failure on part of the Company to maintain worker's compensation insurance coverage and disability benefits insurance policy during the period June 30, 2017 till October 17, 2020 and levying penalty aggregating to USD 37,500 with increase in penalty amount till the date of compliance by the Company. The Company is in the process of responding to these notices denying the above allegations as in its opinion the Company was not required to keep the insurance policy/cover during the period mentioned in the said notices. Accordingly, the Company has not provided for this amount in the financial statements for the year ended March 31, 2021 and is hopeful of getting the demand quashed.		



FLAVORS AND MORE, INC.

All amounts in USD unless otherwise stated

19. Financial instruments and risk management**19.1 Fair value measurements****Financial instruments by category**

	As at March 31, 2021		As at March 31, 2020	
	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets				
Cash and cash equivalents		4,728		27,190
Total financial assets	-	4,728	-	27,190
Financial liabilities				
Trade payables		5231		1,812
Total financial liabilities	-	5,231	-	1,812

The management assessed that cash and cash equivalents, trade receivables, trade payables, security deposits received, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the quoted investments in mutual funds are based on price quotations at the reporting date. The fair value of loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounted cash flow method using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use Unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.



FLAVORS AND MORE, INC.**All amounts in USD unless otherwise stated****19.1 Financial instruments and risk management (continued)**

The fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at March 31, 2020 was assessed to be insignificant.

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured at fair value and have been grouped into Level 1, Level 2 and Level 3 below:

As at March 31, 2021	Carring Value	Level 1	Level 2	Level 3	Total
Financial assets					
Financial instruments at amortised cost:					
Cash and cash equivalents	4,728				
Total financial assets	4,728	-	-	-	-
Financial liabilities					
Financial instruments at amortised cost:					
Trade payables	5,231				
Total financial liabilities	5,231	-	-	-	-
As at March 31, 2020	Carring Value	Level 1	Level 2	Level 3	Total
Financial assets					
Financial instruments at amortised cost:					
Cash and cash equivalents	27,190				
Total financial assets	27,190	-	-	-	-
Financial liabilities					
Financial instruments at amortised cost:					
Trade payables	1,812				
Total financial liabilities	1,812	-	-	-	-



FLAVORS AND MORE, INC.**All amounts in USD unless otherwise stated****19.1 Financial instruments and risk management (continued)****(A) Maturities of financial liabilities**

The tables below analyze the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	On demand	Less than 3 Months	3 Months to 12 Months	1 year to 5 years	> 5 years	Total
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As at March 31, 2021

Trade and other payables		5,231	-	-	-	5,231
		5,231	-	-	-	5,231

As at March 31, 2020

Trade and other payables		1,812	-	-	-	1,812
		1,812	-	-	-	1,812



FLAVORS AND MORE, INC.**All amounts in USD unless otherwise stated****19.2 Financial risk management objectives and policies**

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by Senior Management.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

The Company manages market risk through its finance department, which evaluates and exercises independent control over the entire process of market risk management. The finance department recommends risk management objectives and policies, which are approved by Senior Management and the Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies, and ensuring compliance with market risk limits and policies.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest in order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, the finance department undertaken the interest rate risk management exercise from time to time.

The Company is not exposed to significant interest rate as at the respective reporting dates.

Foreign currency risk

The Company operates internationally and portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales and services in overseas and purchases from suppliers in various foreign currencies.

The Company evaluates exchange rate exposure arising from foreign currency transactions and the Company follows established risk management policies, including the use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk.

Credit risk

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligation on time or at a reasonable price. The Company's finance department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by Senior Management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.



FLAVORS AND MORE, INC.

All amounts in USD unless otherwise stated

20. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents and current marketable investments.

The Company is not subject to any externally imposed capital requirement.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2021 and March 31, 2020.



FLAVORS AND MORE, INC.

All amounts in USD unless otherwise stated

21. Related party disclosure under IND-AS 24

(A) Names of related parties and nature of related party relationships:

(a) **Holding company:**

Godfrey Phillips India Limited

(b) **Associates of the Holding Company**

- i. KKM Management Centre Private Limited
- ii. IPM India Wholesale Trading Private Limited
- iii. Philip Morris Global Brands Inc of which the holding company is an associate
- vi. K K Modi investment & Financial Services Pvt Ltd. of which the holding company is an associate
- v. K K Management Centre Middle East (FZC)

(c) **Subsidiaries of the Holding Company**

- i. International Tobacco Company Limited
- ii. Chase Investments Limited
- iii. Godfrey Phillips Middle East DMCC
- iv. Friendly Reality projects Ltd (formally known as Kashyap Metal and Allied Industries Ltd.) (Subsidiary thru subsidiary)
- v. Rajputana Infrastructure Corporate Limited (Subsidiary thru subsidiary)
- vi. Unique Space Developer Limited (Subsidiary thru subsidiary)

(d) **Key management personnel:**

- a. Mr. Bhisham Wadhera, Director
- c. Mr. Ashrant Bhartia, Director

(e) **Enterprises over which key management personnel and their relatives are able to exercise significant influence: None**(B) **A. Disclosure of transactions between the company and related parties and the status of outstanding balances as at the year ended:****March 31, 2021 March 31, 2020**

With Holding Company

Godfrey Phillips India Limited

- Share capital subscription

Nil

Nil

With associates of the holding company

Nil

Nil

With subsidiaries of the holding company

Nil

Nil

With Key Management personnel

Nil

Nil

With enterprises over which significant influence

of key management personnel and their relatives, exists

Nil

Nil

Balance as at year end:

Recoverable from KMP

-

-

22. Figures of previous year are regrouped/reclassified to match current year presentation where ever necessary & rounded off to nearest USD .**23. Approval of financial statements**

The financial statements were reported for issue by the board of directors on June 01, 2021.

