

EXCEL CROP CARE (AFRICA) LIMITED, TANZANIA
SUBSIDIARY OF SUMITOMO CHEMICAL INDIA LIMITED

ANNUAL REPORT 2022-23

EXCEL CROP CARE (AFRICA) LIMITED

REPORT OF DIRECTORS

The Directors present their report together with the audited financial statements for the year ended 31st March 2023, which disclose the state of affairs of the Company as at 31st March 2023 and the results of operation for the year ended on that date.

1. INCORPORATION AND NATURE OF BUSINESS

The Company was incorporated on 15th June 2010. The main activities of the Company are to act as commission agent for agricultural chemicals. The Company obtained all the licenses and permissions to start and carry on business in Tanzania. The Company commenced its business operations in the financial year 2011-12.

2. DIRECTORS

The list of Directors who served the Company during the financial year ended 31st March 2023 was the following:-

Name of the Director	Position	Nationality	Appointment w.e.f.
Mr. Mukul Chandra Asher	Non-Executive	Indian	15th June 2010
Mr. Ravi Sursinh Bhatia (Ceased w.e.f 28th March 2023)	Non-Executive	Indian	15th June 2010
Mr. Chetan Shantilal Shah	Non-Executive	Indian	26th October 2016
Mr. Ninad Dwarkanath Gupte	Non-Executive	Indian	26th October 2016
Mr. Tadashi Katayama	Non-Executive	Japanese	26th October 2016
Mr. Suresh Ramachandran	Non-Executive	Indian	28th March 2023

Mr. Ravi Sursinh Bhatia passed away on 27th February 2023. The Board places on record its appreciation of Mr. Ravi Bhatia's role in establishing the Company and in nurturing and growing the Company's business.

There is no requirement for director's rotation in accordance with the Company's Articles of Association.

3. CORPORATE GOVERNANCE

The Board of directors consists of five Directors. The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering material financial matters and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

4. SHAREHOLDERS

The shareholders of the Company as at 31st March 2023 were:

Name of the shareholder	Number of Shares	(Amount in Tshs.)
Sumitomo Chemical India Limited	1,699	169,900,000
Sumitomo Chemical Agro Europe SAS	1	100,000
TOTAL	1,700	170,000,000

5. PERFORMANCE FOR THE YEAR

The results for the year ending on 31st March 2023 and the appropriation thereof are as set out on page no. 10-24.

6. DIVIDEND

The Directors of your Company are pleased to recommend a dividend of 20% (TZS 20,000/- per share) subject to the approval of shareholders.

EXCEL CROP CARE (AFRICA) LIMITED

7. SOLVENCY

The state of affairs of the Company as at 31st March 2023 is set out on page 11 of these financial statements.

The Directors consider the Company to be solvent within the meaning ascribed by the Companies Act 2002. No matters have come to the attention of the directors to indicate that the Company will not remain a going concern for the next 12 months from the date of this report.

The Holding Company and other related companies will provide the necessary financial support to enable the Company to continue its future operations. The Board of directors confirms that applicable accounting standards have been followed and are of opinion that the Company will be a going concern in years ahead. Accordingly, the financial statements have been prepared on a going concern basis.

8. EMPLOYEES

The relationship between management and employees of the Company during the year was good and cordial.

9. RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in the notes to financial statements on page no. 24 and those transactions are all at arm's length price.

10. DISABLED PERSONS

The Company's policy is to continue with engagement of employees who become disabled while in the services of the Company.

11. STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Board accepts final responsibility for the risk management and internal control systems of the Company. It is the task of management to ensure that adequate internal financial and operations control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:-

- The efficiency and effectiveness of operations;
- The safeguarding of Company's Assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions and;
- Responsible behavior towards all stake holders

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Company's internal control system is designed to provide the Board with reasonable assurance that the procedures in place are operating efficiently.

The Board assessed the internal control systems throughout the period ended 31st March 2023 and is of the opinion that they met accepted criteria.

The Board carries risk and internal control assessment through Board Meetings on regular basis.

12. POLITICAL AND CHARITABLE DONATIONS

As a policy the Company does not make political donations.

13. FUTURE PLAN

Annual strategic plans are developed and revised as needed to provide operating management with the guidance and direction for assuring business goals and targets are met.

EXCEL CROP CARE (AFRICA) LIMITED

14. INDEPENDENT AUDITOR

M/s. Baker Tilly DGP & Co. has expressed their willingness to continue in office and is eligible for re-appointment. A resolution proposing their reappointment as Auditors of the Company for the year 2023-24 will be put to the Annual General Meeting.

15. ACKNOWLEDGEMENT

Your directors wish to place on records, their sincere thanks and deep sense of appreciation for the overwhelming co-operation and assistance received from the Government of Tanzania, the Tanzania Revenue Authority, Tanzania Port Authority, various other Government and Semi Government organizations, the bankers of the Company and last but not the least the employees of the Company. The management looks forward for the continued support from all for the coming future.

Approved by the Board of Directors on 28/04/2023 and signed on its behalf by.

Date:

28th April, 2023

Chetan S. Shah

Director

Ninad D. Gupte

Director

DECLARATION OF THE HEAD OF ACCOUNTING AND FINANCE

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors/Governing Body/Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements.

Full legal responsibility for the preparation of financial statements rests with the Board of Directors/Governing Body as under paragraph of Responsibilities of the Authorized Representatives on an earlier page.

I, NTULI G. NOA being the Independent Accountant of Excel Crop Care (Africa) Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31st March 2023 have been prepared in compliance with applicable accounting standards and statutory requirements. I thus confirm that the financial statements give a true and fair view position of Excel Crop Care (Africa) Limited as on that date and that they have been prepared based on properly maintained financial records.

Signed by: NTULI G. NOA

Position: Independent Accountant

NBAA Membership No. G/A - 9453

Date: 06th May, 2023

EXCEL CROP CARE (AFRICA) LIMITED

INDEPENDENT AUDITOR'S REPORT

To
The Members of Excel Crop Care (Africa) Limited

Opinion

We have audited the financial statements of Excel Crop Care (Africa) Limited, which comprise the Statement of Financial Position as at 31st March 2023, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st March 2023 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the Companies Act, 2002.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with The National Board of Accountants and Auditors (Code of Ethics) By - Laws, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Director's Report as required by the Companies Act, 2002, which we obtained prior to the date of this report. Other information does not include the Financial Statements and our auditor's report thereon.

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

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

EXCEL CROP CARE (AFRICA) LIMITED

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure made by the directors.

Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Report on other legal and regulatory requirements

As required by the Companies Act, 2002, we report to you, based on our audit, that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books;
- iii) the director's report is consistent with the financial statements;
- iv) information specified by the law regarding director's remuneration and transactions with the Company is disclosed; and
- v) The Company's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income are in agreement with the books of accounts.

For Baker Tilly DGP & Co.
Certified Public Accountants,

Kailas K. Bhattbhatt
Partner

Place : Dar es Salaam

Date : _____

EXCEL CROP CARE (AFRICA) LIMITED

STATEMENT OF FINANCIAL POSITION AS ON 31ST MARCH 2023

	NOTE	31st March, 2023 Tzs	31st March, 2022 Tzs
Non current assets			
Property, plant and equipment	20	7,106,590	11,370,545
Deferred tax assets	13	105,521,555	25,624,982
		112,628,145	36,995,527
Current assets			
Trade and other receivables	14	559,268,583	877,720,159
Cash and cash equivalents	15	92,272,867	143,031,841
Tax receivable	19	102,983,959	102,983,959
		754,525,408	1,123,735,958
Total assets		867,153,553	1,160,731,485
Equity			
Share capital	16	170,000,000	170,000,000
Retained earnings		605,897,857	878,195,518
		775,897,857	1,048,195,518
Current liabilities			
Trade and other payables	17	9,259,811	14,593,488
Provisions	18	81,995,885	97,942,479
		91,255,696	112,535,967
Total equity and liabilities		867,153,553	1,160,731,485

The significant accounting policies on pages 14 to 19 and the notes on pages 20 to 24 form an integral part of these financial statements.

Report of the Independent Auditor's on page 7 to 9.

The financial statements on Pages 10 to 24 were approved by the Board of Directors and signed on behalf by:

Date:
28th April, 2023

Chetan S. Shah
Director

Ninad D. Gupte
Director

EXCEL CROP CARE (AFRICA) LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH 2023

Particulars	NOTE	2022-23 Tzs	2021-22 Tzs
Revenue	6	198,075,071	756,656,115
Cost of sales	7	3,357,256	414,950,709
Gross profit		194,717,815	341,705,406
Other income	8	16,175,320	16,089,325
		210,893,135	357,794,731
Less: Expenses			
Staff cost	9	(374,624,313)	(266,636,961)
Administrative Expenses	10	(122,997,797)	(136,192,899)
Selling and distribution expenses	11	(16,921,540)	(18,557,384)
Financial expenses	12	(6,043,720)	(17,548,435)
		(520,587,370)	(438,935,679)
Profit/(Loss) before tax		(309,694,234)	(81,140,948)
Less: Tax expense/credit	13	79,896,573	22,842,240
Prior year assessed tax		—	(13,059,013)
Profit/(Loss) after tax		(229,797,661)	(71,357,721)

The significant accounting policies on pages 14 to 19 and the notes on pages 20 to 24 form an integral part of these financial statements.

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The financial statements on Pages 10 to 24 were approved by the Board of Directors and signed on behalf by:

Date:
28th April, 2023

Chetan S. Shah
Director

Ninad D. Gupte
Director

EXCEL CROP CARE (AFRICA) LIMITED

STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2023

Particulars	Share Capital Tzs	Retained Earnings Tzs	Total Tzs
<u>Year ended 31st March 2022</u>			
As at start of the year	170,000,000	1,137,159,520	1,307,159,520
Dividend paid	—	(170,000,000)	(170,000,000)
Prior year adjustments	—	(17,606,280)	(17,606,280)
	170,000,000	949,553,240	1,119,553,240
Net profit/(loss)	—	(71,357,721)	(71,357,721)
At the end of the year	170,000,000	878,195,518	1,048,195,518
<u>Year ended 31st March 2023</u>			
As at start of the year	170,000,000	878,195,518	1,048,195,518
Dividend paid	—	(42,500,000)	(42,500,000)
	170,000,000	835,695,518	1,005,695,518
Net profit/(loss)	—	(229,797,661)	(229,797,661)
At the end of the year	170,000,000	605,897,857	775,897,857

The significant accounting policies on pages 14 to 19 and the notes on pages 20 to 24 form an integral part of these financial statements.

Report of the Independent Auditor's on page 7 to 9.

The financial statements on Pages 10 to 24 were approved by the Board of Directors and signed on behalf by:

Date:
28th April, 2023

Chetan S. Shah
Director

Ninad D. Gupte
Director

EXCEL CROP CARE (AFRICA) LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2023

Particulars	2022-23 Tzs	2021-22 Tzs
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	(309,694,234)	(81,140,948)
Adjustment for:		
Depreciation and amortisation	4,263,955	6,822,327
Prior period adjustment	—	(17,606,280)
	(305,430,279)	(91,924,901)
Movements in working capital:		
(Increase)/decrease in inventories	—	198,474,972
(Increase)/decrease in trade and other receivables	318,451,576	612,115,044
Increase/(decrease) in trade and other payables	(21,280,271)	(529,441,024)
Cash generated from operations	(8,258,974)	189,224,091
Less: Taxes paid	—	(109,501,277)
Net cash generated by operating activities (A)	(8,258,974)	79,722,814
Cash flow from financial activities		
Dividend paid	(42,500,000)	(170,000,000)
Net cash (used in)/generated by financial activities (B)	(42,500,000)	(170,000,000)
Net increase in cash and cash equivalents (A+B)	(50,758,974)	(90,277,186)
Cash and cash equivalents at the beginning of the year	143,031,841	233,309,027
Cash and cash equivalents at the end of the year	92,272,867	143,031,841

The significant accounting policies on pages 14 to 19 and the notes on pages 20 to 24 form an integral part of these financial statements.

Report of the Independent Auditor's on page 7 to 9.

The financial statements on Pages 10 to 24 were approved by the Board of Directors and signed on behalf by:

Date:
28th April, 2023

Chetan S. Shah
Director

Ninad D. Gupte
Director

EXCEL CROP CARE (AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

SIGNIFICANT ACCOUNTING POLICY AND NOTES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Excel Crop Care (Africa) Limited is a limited liability company incorporated and domiciled in the United Republic of Tanzania.

These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of shareholders of the company.

2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

a) Standards, Amendments to the standards and Interpretations effective in the year 2022.

The following standards, amendments and new interpretations issued by the IFRIC and are mandatory for the accounting periods beginning on or after 1st January 2021:

- Interest Rate Benchmark Reform - Phase 2
- Amendments to IFRS 4 Insurance contracts - deferral of IFRS 9
- Amendments to IFRS 16 Leasing - Covid-19 Related Rent Concessions (Effective from 1st April 2021)

The adoption of these standards, amendments and interpretations has not led to any change in the accounting policies of the Company.

Details of the impact standards are given below. Other new and amended standards and Interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Company as they are either not relevant to the company's activities or require accounting which is consistent with the company's current accounting policies.

b) Standards, Amendments and Interpretations issued, but not yet effective

A number of new standards, amendments to standards and interpretations are effective for forthcoming periods and the Company had not adopted any of these Standards, Amendments of interpretations from an early date. The management does not foresee any major change in the accounting policies of the Company due to such amendments.

- Amendments to IFRS 3 Business Combinations Reference to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment - Proceeds before Intended Use
- Amendments to IAS 37 Provisions, Contingent Liabilities, Contingent Assets Onerous Contracts - Cost of Fulfilling a Contract
- Annual Improvements 2018-2020
- Amendments to IAS 1 Classification of Liabilities as Current
- Amendments to IAS 1 Disclosure of Accounting policies
- Amendments to IAS 8 Definition of Accounting Estimates
- Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- IFRS 17 Insurance Contracts

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

3. SUMMARY OF ACCOUNTING POLICIES

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

EXCEL CROP CARE (AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

A. BASIS OF PREPARATION

The financial statements of Excel Crop Care (Africa) Limited comply with the Tanzanian Companies Act 2002 and have been prepared in accordance with International Financial Reporting Standards (IFRS). Where necessary, comparative figures have been amended to conform with changes in presentation in the current year. The financial statements are prepared under the historical cost convention.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

B. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company has become a party to the contractual provisions of the instrument. The accounting policies in respect of the main financial instruments are set out below:

(i) Cash and cash equivalents

Cash and cash equivalents comprise, balances with banks, cash on hand, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(ii) Trade debtors and other receivables

Trade debtors and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade debtors and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in the income statement. Bad debts are written off after all steps to recover them have failed.

(iii) Financial liabilities and trade payables

Financial liabilities are recognised initially at fair value, net of transaction costs incurred. Financial liabilities are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the financial liability using the effective interest method.

Trade payables are initially measured at cost, which is the fair value of the amount payable in future, and are subsequently measured at amortised cost, using the effective interest rate method.

(iv) Fair values

Except where stated elsewhere, the carrying amounts of the financial instruments approximate their fair values because they carry market rates of interest.

C. FOREIGN CURRENCIES

(i) Functional and presentation currency

Items included in the financial statements of the company are measured using Tanzanian Shillings, the currency of the primary economic environment in which the entity operates ("functional currency").

EXCEL CROP CARE (AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. They are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

D. DEFERRED INCOME TAXES

Income tax expense is the aggregate of the charge to the income statement in respect of current income tax and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with Tanzania Income Tax Act 2004.

Deferred income tax is provided in full using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Under this method the company is required to make provision for deferred income taxes on the revaluation of certain non-current assets and, in relation to an acquisition, on the difference between the fair values of the net assets acquired and their tax base.

The principal temporary differences arise from depreciation on property, plant and equipment, and tax losses carried forward.

Deferred income tax is determined using tax rates (and laws) that have been enacted or subsequently enacted to the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is recognised as income tax benefit or expense in the year in which it arises.

E. REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent of the expenses incurred that are recoverable.

F. PROVISION

Provisions are recognised when the company has a present or constructive obligation as a result of past events; it is probable that an outflow of resources, that can be reliably estimated, will be required to settle the obligation.

G. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party making financial or operational decisions.

H. DIVIDEND

The Board of Directors, at its meeting held on 28/04/2023 has recommended a dividend of TZS 20,000/- per share of TZS 100,000/- each.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

EXCEL CROP CARE (AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax asset that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(ii) Assets useful lives

The useful lives of plant and equipment have been estimated to be in line with the rate at which they are depreciated i.e., 37.5% for Motor vehicles Class I and Computer.

(iii) Provision for impairment of trade receivables

Provision for impairment of trade receivables have been estimated based on the probability of future recoverability of these receivables.

5. FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities comprise inter-company and trade payables. The main purpose of these financial liabilities is to raise finance for the operations of the Company. The Company has various financial assets such as trade receivables and cash and cash equivalents which arise directly from its operations.

The Company's activities expose it to a variety of financial risks including; market risk, foreign currency risk, liquidity risk and credit risk. A description of the significant risk factors is given below together with the risk management policies applicable.

(i) Market risk - foreign currency risk

The Company operates wholly in Tanzania and its assets and liabilities are reported in Tanzanian Shillings. The Company receives significant part of its revenue in Euro and US Dollar currencies and also pays part of its expenses in foreign currency. It is exposed to foreign exchange risk arising from currency exposures primarily with respect to US Dollars and Euros.

Exposure to foreign currency risk is not hedged but the Company maintains bank accounts in Tanzanian Shillings, US Dollars and Euros to which payments obligations are designated.

(ii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities.

The Company minimizes liquidity risks by maintaining adequate current assets that cover all current liabilities.

(iii) Credit risk

Potential concentration of credit risk consists partially of trade debtors. Trade debtors are presented net of provision for impairment. Accordingly, the Company has no significant credit risk which has not been adequately provided for. The Company maintains proper credit vetting and credit controls and the terms of sales on credit are with customers who have proven credit worthiness.

EXCEL CROP CARE (AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

	2022-23 Tzs	2021-22 Tzs
6. REVENUE		
Sales of goods	—	507,986,937
Commission received	198,075,071	248,669,178
Total	198,075,071	756,656,115
7. COST OF SALES		
Opening stock of Traded Goods	—	198,474,972
Add: Purchases	—	191,446,926
Cost of Goods Sold	—	389,921,898
ADD: DIRECT COSTS		
Clearing and forwarding charges	—	21,166,082
Import Permit Fees	—	2,253,349
Registration and license	3,357,256	1,609,380
	3,357,256	25,028,811
Total cost of sales	3,357,256	414,950,709
8. OTHER INCOME		
Other income	16,175,320	16,089,325
Total	16,175,320	16,089,325
9. STAFF COST		
Salaries and wages	300,069,298	229,160,386
Staff insurance	2,283,987	573,632
Other allowance	28,869,012	9,196,000
NSSF/PPF contribution	32,765,734	22,872,880
Staff LTA	8,941,349	3,230,095
Workmen Compensation Fund	1,694,933	1,603,968
Total	374,624,313	266,636,961
10. ADMINISTRATIVE EXPENSES		
Audit fees	17,179,974	17,090,766
Depreciation	4,263,955	6,822,327
Electricity expenses	1,027,176	511,806
Fuel and vehicle expenses	12,068,740	12,240,031
Motor vehicle insurance expense	1,328,720	468,984
Service and maintenance charges on rent	5,000,368	4,988,520
Rent	27,779,820	27,714,000
Postage, courier, telephone and internet expenses	3,284,332	3,868,533
Professional and legal fees	16,926,120	40,808,706
Repairs and maintenance - Indirect	32,000	—
Printing and stationery expenses	82,000	72,500
Stamp duty	278,396	278,700
News paper and periodicals	2,345,136	579,452
Write-off	7,650,443	5,000,150
Food and drinks	2,418,514	3,075,452
Transportation and travelling expenses	16,088,850	8,189,788
Visa and permit expenses	5,243,253	4,483,184
Total	122,997,797	136,192,899

EXCEL CROP CARE (AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

	2022-23 Tzs	2021-22 Tzs		
11. SELLING AND DISTRIBUTION EXPENSES				
City service levy charges	674,240	2,325,709		
Marketing expenses	16,247,300	16,231,675		
Total	16,921,540	18,557,384		
12. FINANCIAL EXPENSES				
Bank charges	2,528,908	4,812,201		
Foreign exchange loss / (gain) - realised	8,063,324	2,144,009		
Foreign exchange loss / (gain) - unrealised	(4,548,512)	10,592,225		
Total	6,043,720	17,548,435		
13. TAX EXPENSES				
Deferred tax	(79,896,573)	(22,842,240)		
Prior year assessed taxes	—	13,059,013		
Total	(79,896,573)	(9,783,227)		
RECONCILIATION OF TAX EXPENSES:				
Net profit as per statement of profit or loss	(309,694,234)	(81,140,948)		
Tax @ 30% (2021-2022: 30%)	(92,908,270)	(24,342,284)		
Adjustment for:				
Salary arrears	10,716,559	—		
Write-off	2,295,139	1,500,045		
TRA assessments	—	13,059,013		
Tax expenses as per books	(79,896,573)	(9,783,227)		
Break-up of deferred tax:				
Particulars	At start of the year Tzs	Charge to statement of profit or loss Tzs	Charged to equity Tzs	At end of the year Tzs
<u>Deferred tax liabilities</u>				
Property, plant and equipment - accelerated capital allowance	2,078,450	(779,419)	—	1,299,031
Unrealised foreign exchange gain	—	1,364,559	—	1,364,559
	<u>2,078,450</u>	<u>585,140</u>	<u>—</u>	<u>2,663,590</u>
<u>Deferred tax asset</u>				
Tax losses carried forward	(24,525,764)	(83,659,381)	—	(108,185,145)
Unrealised foreign exchange loss	(3,177,668)	3,177,668	—	—
	<u>(27,703,432)</u>	<u>(80,481,713)</u>	<u>—</u>	<u>(108,185,145)</u>
Net deferred tax liability/(asset)	<u>(25,624,982)</u>	<u>(79,896,573)</u>	<u>—</u>	<u>(105,521,555)</u>
14. TRADE AND OTHER RECEIVABLES				
Advance to employees		8,562,724		—
Prepaid expenses		13,300,302		10,738,523
Trade debtors		40,841,836		40,841,836
Advance on WHT for dividend		6,230,064		8,356,314
Debtors for commission		531,175,493		858,625,322
Less: Impairment of receivables		(40,841,836)		(40,841,836)
Total		559,268,583		877,720,159

EXCEL CROP CARE (AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

	2022-23 Tzs	2021-22 Tzs
15. CASH AND CASH EQUIVALENTS		
Cash at banks	92,272,867	143,031,841
Total	92,272,867	143,031,841
16. SHARE CAPITAL		
<u>Authorised capital</u>		
10,000 shares of Tzs 100,000/- each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued and paid-up share capital		
1,700 shares of Tzs 100,000/- each	<u>170,000,000</u>	<u>170,000,000</u>
Total	170,000,000	170,000,000
17. TRADE AND OTHER PAYABLES		
Advance from customers	299,811	299,808
Due to associate companies and related parties	—	5,333,680
Other advances	<u>8,960,000</u>	<u>8,960,000</u>
Total	9,259,811	14,593,488
18. PROVISIONS		
Professional fees payable	17,341,744	19,638,218
Audit fees payable	17,179,974	17,090,766
Provision for expenses	35,627,451	35,034,402
Salary payable	—	216,499
Assessment tax payable	<u>11,846,716</u>	<u>25,962,594</u>
Total	81,995,885	97,942,479
19. TAX RECEIVABLE		
Current Tax Recoverable	<u>102,983,959</u>	<u>102,983,959</u>
Total	102,983,959	102,983,959

EXCEL CROP CARE (AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

20. PROPERTY, PLANT & EQUIPMENT	Computers and accessories Tzs	Motor vehicles Class I Tzs	Total Tzs
Particulars			
Cost			
Balances at 1st April 2021	2,750,000	43,893,010	46,643,010
Additions	—	—	—
Balances at 31st March 2022	2,750,000	43,893,010	46,643,010
Balances at 1st April 2022	2,750,000	43,893,010	46,643,010
Additions	—	—	—
Balances at 31st March 2023	2,750,000	43,893,010	46,643,010
Accumulated depreciation			
Balances at 1st April 2021	85,938	28,364,200	28,450,138
Depreciation for the year	999,023	5,823,304	6,822,327
Balances at 31st March 2022	1,084,961	34,187,504	35,272,465
Balances at 1st April 2022	1,084,961	34,187,504	35,272,465
Depreciation for the year	624,390	3,639,565	4,263,955
Balances at 31st March 2023	1,709,351	37,827,069	39,536,420
Carrying value			
Balances at 31st March 2023	1,040,649	6,065,941	7,106,590
Balances at 31st March 2022	1,665,039	9,705,506	11,370,545
21. RELATED PARTY DISCLOSURE			
The Company has following related parties by virtue of common shareholding / directorship:			
Outside Tanzania			
1) Sumitomo Chemical India Limited (India)			
Transactions:		2022-23	2021-22
		Tzs	Tzs
Trading:			
Purchases			
<u>In Tanzania</u>			
1) Sumitomo Chemical India Limited	—		191,446,926
Expenses paid on behalf of related party			
<u>In Tanzania</u>			
1) Sumitomo Chemical India Limited	—		2,491,032
2) Sumitomo Chemical India Limited: unearned commission	7,650,443		—
Other income			
<u>In Tanzania</u>			
1) Sumitomo Chemical India Limited	16,175,320		16,089,325
Commission received from related party			
<u>In Tanzania</u>			
1) Sumitomo Chemical India Limited	198,075,071		248,669,178
		31st March 2023	31st March 2022
		Tzs	Tzs
Outstanding balances:			
Due to associate company	—		5,333,680
Due from associate company	531,175,493		858,625,322
22. CONTINGENT LIABILITIES AND COMMITMENTS			
The management does not anticipate any contingent liabilities as at 31st March 2023.			
23. Previous year's figure have been regrouped / rearranged wherever necessary to make them comparable with those of current year.			



Registered Office:

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Tel: 022-28866666

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