

# KHANNA & PANCHMIA

## CHARTERED ACCOUNTANTS

### INDEPENDENT AUDITORS' REPORT

**To the Members of  
Building Envelope Systems India Limited**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of **Building Envelope Systems India Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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 control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016 and its profit and its cash flows for the year ended on that date.

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Government of India in terms of Section 143(11) of the Act, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2016 from being appointed as a director in terms of Section 164(2) of the Act.

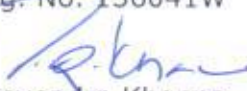


- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial control over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position;
  - ii. The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.
  - iii. There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.

Place: Mumbai  
Date: 05-05-2016



For Khanna & Panchmia  
Chartered Accountants  
Firm Reg. No. 136041W

  
Devendra Khanna  
Partner

Membership No. 038987

## Annexure "A" to the Independent Auditor's Report

### (Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management in accordance with the phased programme of verification, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the title deeds of immovable properties are held in the name of the Company.
- (ii) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under Section 189 of the Act. Accordingly, Clause 3 (iii) (a), (b) and (c) of the Order are not applicable and hence not commented upon.
- (iv) According to the information and explanations given to us, the Company has not granted any loans, made investment or provided guarantee, which are covered by the provisions of Section 185 and 186 of the Companies Act 2013. Hence, reporting under Clause 3(iv) of the Order is not applicable.
- (v) The Company has not accepted any deposits from the public. Accordingly, Clause 3(v) of the Order is not applicable.
- (vi) The Cost records prescribed under Section 148(1) of the Act is not applicable to the Company and hence Clause 3(vi) of the Order is not applicable.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service tax, Custom duty, Excise duty, value added tax, cess and any other statutory dues as applicable with the appropriate authorities. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Service Tax, Customs



Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they become payable.

(b) There were no dues which have not been deposited in respect of Income tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax on account of any dispute.

- (viii) In our opinion and according to information and explanation given to us, the Company has not defaulted in repayment of its loans and borrowings to financial institutions, bank, government or dues to debentures holders.
- (ix) In our opinion and according to information and explanation given to us, the Company has not raised any money by way of initial Public Offer or further public offer and term loans during the year. Accordingly, Clause 3(ix) of the Order is not applicable.
- (x) Based upon the audit procedures performed and according to the information and explanations given to us, no fraud by the Company or any fraud on the Company by its officers/employees has been noticed or reported during the year nor have we been informed about any such case by the Management.
- (xi) According to information and explanations given to us, the Company has not paid/provided any managerial remuneration requiring approvals as mandated by the provisions of section 197 read with schedule V of the Companies Act, 2013, hence reporting under clause 3(xi) of the Order is not applicable.
- (xii) As the Company is not Nidhi Company, the reporting under clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.



(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.



Place: Mumbai  
Date: 05-05-2016

For Khanna & Panchmia  
Chartered Accountants  
Firm Reg. No. 136041W

  
Devendra Khanna

Partner  
Membership No. 038987

## **Annexure "B" to the Independent Auditor's Report**

**(Referred to in Paragraph 2(f) under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date)**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **Building Envelope Systems India Limited** ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



## Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, to the best of information and explanations given to us, the Company has, in all materials respects, an adequate internal financial controls system over financial reporting and such financial controls over financial reporting are operating effectively as at March 31, 2016 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Mumbai  
Date: 05-05-2016



For Khanna & Panchmia  
Chartered Accountants  
Firm Reg. No. 136041W

  
Devendra Khanna  
Partner

Membership No. 038987



**BUILDING ENVELOPE SYSTEMS INDIA LTD.**

**Balance Sheet as at 31st March 2016**

(Amount in Rs.)

Particulars	Note No.	As at	
		31st March 2016	31st March 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	83,500,000	40,500,000
Reserves and Surplus	4	80,519,742	8,358,247
		<u>164,019,742</u>	<u>48,858,247</u>
<b>Non-Current Liabilities</b>			
Deferred Tax Liabilities (net)	5	468,343	-
<b>Current Liabilities</b>			
Trade Payables	6	8,390,050	36,274
Other Current Liabilities	7	1,115,995	-
Short Term Provisions	8	156,212	-
		<u>174,150,342</u>	<u>48,894,521</u>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	9	83,899,584	-
Intangible Assets	9	12,171	25,851
Capital Work in Progress		<u>3,449,797</u>	-
Non current Investments	10	52,341,838	48,177,050
Other Non Current Assets	11	-	323,958
Long-Term Loans and Advances	12	900,000	-
<b>Current Assets</b>			
Cash and Bank Balances	13	2,467,993	43,703
Trade Receivables	14	1,052,325	-
Inventories	15	22,792,444	-
Short Term Loans and Advances	16	7,234,190	-
Other Current Assets	17	-	323,959
		<u>174,150,342</u>	<u>48,894,521</u>
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements.	2 - 32		

As per our report of even date

**For Khanna & Panchmia**

Chartered Accountants

Firm Regn. No.: 136041W

  
**Devendra Khanna**

Partner

Membership No.: 38987

Place : Mumbai

Date : 5th May 2016



**For and on behalf of the Board**

  
Jayan Paul

Managing Director



Sanjay Bahadur  
Director



Manisha Shetty  
Company Secretary

Statement of Profit and Loss for the year ended 31st March 2016

Particulars	Note No.	(Amount in Rs.)	
		For the year ended 31st March 2016	For the year ended 31st March 2015
<b>Income</b>			
Income from Operations (Gross)	18	51,900,079	-
Less: Excise Duty		5,725,176	-
Income from Operations (Net)		46,174,903	-
Other income	19	7,351,162	10,163,861
<b>Total Income</b>		<b>53,526,065</b>	<b>10,163,861</b>
<b>Expenses</b>			
Cost of Materials Consumed	20	34,889,881	-
Changes in Inventories of Finished Goods	21	(5,892,199)	-
Employee Benefits Expense	22	4,903,934	-
Other expenses	23	8,156,470	734,428
Depreciation	8	3,338,141	11,125
<b>Total expenses</b>		<b>45,396,227</b>	<b>745,553</b>
<b>Profit before Tax</b>		<b>8,129,838</b>	<b>9,418,308</b>
<b>Less: Tax Expense</b>			
Provision for Current Tax		168,700	-
Less : MAT Credit		168,700	-
Deferred Tax		-	-
		468,343	-
<b>Profit/(loss) for the year</b>		<b>7,661,495</b>	<b>9,418,308</b>
<b>Earning per share</b>			
Basic and Diluted	28	1.00	2.33
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements.	2 - 32		

As per our report of even date

**For Khanna & Panchmia**

Chartered Accountants

Firm Regn. No.: 136041W



**Devendra Khanna**

Partner

Membership No.: 38987

Place : Mumbai

Date : 5th May 2016




Jayan Paul

Managing Director

For and on behalf of the Board



Sanjay Bahadur

Director



Manisha Shetty

Company Secretary

## Cash flow statement for the year ended 31st March, 2016

Particulars	For the Period ended 31 March, 2016		For the Period ended 31 March, 2015	
	RS.	RS.	RS.	RS.
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before extraordinary items and tax		8,129,838		9,418,308
<u>Adjustments for:</u>				
Depreciation and amortization	3,338,141	3,338,141	11,125	11,125
Operating profit / (loss) before working capital changes		11,467,979		9,429,433
<u>Changes in working capital:</u>				
<u>Adjustments for (increase) / decrease in operating assets:</u>				
Inventories	(22,792,444)		-	
Trade receivables	(1,052,325)		-	
Short-term loans and advances	(7,234,190)		-	
Other non current and current assets	647,917		-	
		(30,431,042)		-
<u>Adjustments for increase / (decrease) in operating liabilities:</u>				
Trade payables	8,353,776		8,184	
Other current liabilities	1,115,995		-	
Short-term provisions	156,212		-	
		9,625,983		8,184
Cash generated from operations		(9,337,080)		9,437,617
Net income tax (paid) / refunds		(900,000)		
Extra ordinary item (preliminary Exp not written off)		-		(487,583)
<b>Net cash flow from / (used in) operating activities (A)</b>		<b>(10,237,080)</b>		<b>8,950,034</b>
<b>B. Cash flow from investing activities</b>				
Capital expenditure on fixed assets	(87,224,045)		(14,400)	
Capital work in progress	(3,449,797)			
Decrease / (increase) in Investments	(4,164,788)		(8,919,776)	
<b>Net cash flow from / (used in) investing activities (B)</b>		<b>(94,838,630)</b>		<b>(8,934,176)</b>
<b>C. Cash flow from financing activities</b>				
Net Proceeds from Issue of share capital at premium	107,500,000		-	
<b>Net cash flow from / (used in) financing activities (C)</b>		<b>107,500,000</b>		<b>-</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		<b>2,424,290</b>		<b>15,858</b>
Cash and cash equivalents at the beginning of the year		43,703		27,845
<b>Cash and cash equivalents at the end of the year</b>		<b>2,467,993</b>		<b>43,703</b>

Summary of significant accounting policies

2

The accompanying notes are an integral part of the financial statements.

2 - 36

As per our report of even date

For Khanna &amp; Panchmia

Chartered Accountants

Firm Regn. No.: 136041W

Devendra Khanna

Partner

Membership No.: 38987

Place : Mumbai

Date : 5th May 2016



For and on behalf of the Board

Jayan Paul  
Managing Director

Manisha Shetty  
Company Secretary

Sanjay Bahadur  
Director

**BUILDING ENVELOPE SYSTEMS INDIA LTD.**

Notes forming part of financial statements.

**3. Share Capital**

(Amount in Rs.)

	As at 31st March 2016	As at 31st March 2015
<b>Authorised Capital</b>		
15,000,000 (15,000,000) equity shares of Rs.10 each	150,000,000	150,000,000
	<u>150,000,000</u>	<u>150,000,000</u>
<b>Issued, Subscribed and Paid up Capital</b>		
8,350,000 (4,050,000) equity shares of Rs.10 each	83,500,000	40,500,000
	<u>83,500,000</u>	<u>40,500,000</u>

**a. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period**

	As at 31st March 2016		As at 31st March 2015	
	Number of	Rs.	Number of	Rs.
Equity Shares				
Shares outstanding at the beginning of the year	4,050,000	40,500,000	4,050,000	40,500,000
Shares issued during the year	4,300,000	43,000,000	-	-
Shares outstanding at the end of the year	<u>8,350,000</u>	<u>83,500,000</u>	<u>4,050,000</u>	<u>40,500,000</u>

**b. Terms/ Rights attached to equity shares**

- i. The Company has only one class of equity shares having a par value of Re. 10 per share. Each holder of equity shares is entitled to one vote.
- ii. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in the proportion of their shareholding.

**c. Details of shareholders holding more than 5% shares in the Company:**

	As at 31st March 2016		As at 31st March 2015	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Pidilite Industries Limited (Holding Company)	5,010,000	60	2,430,000	60
Jayan Paul	1,670,000	20	810,000	20
Rajendra Kini	1,670,000	20	810,000	20
	<u>8,350,000</u>	<u>100</u>	<u>4,050,000</u>	<u>100</u>

- d. No equity shares were allotted without payment being received in cash.

**4. Reserves and surplus**

(Amount in Rs.)

	As at 31st March 2016	As at 31st March 2015
<b>Securities Premium Account</b>		
Opening Balance	-	-
Add: Addition during the year	64,500,000	-
Closing Balance	<u>64,500,000</u>	<u>-</u>
<b>Surplus/(Deficit) in the Statement of Profit &amp; Loss</b>		
Opening Balance	8,358,247	(1,060,061)
Add: Profit/(Loss) for the year	7,661,495	9,418,308
Closing Balance	<u>16,019,742</u>	<u>8,358,247</u>
	<u>80,519,742</u>	<u>8,358,247</u>



**BUILDING ENVELOPE SYSTEMS INDIA LTD.**

Notes forming part of financial statements.

**5. Deferred Tax Liabilities (Net)**

(Amount in Rs.)

	As at 31st March 2016	As at 31st March 2015
Tax effect of items constituting Deferred Tax Liabilities		
On difference between book and tax depreciation	1,442,029	-
	<u>1,442,029</u>	<u>-</u>
Tax effect of items constituting Deferred Tax Assets		
Provision for Employee Benefits	48,270	-
Unabsorbed Losses as per Income Tax	925,417	-
	<u>973,686</u>	<u>-</u>
<b>TOTAL</b>	<b><u>468,343</u></b>	<b><u>-</u></b>

**6. Trade Payables**

(Amount in Rs.)

	As at 31st March 2016	As at 31st March 2015
<b>Trade Payables</b>		
Payable to Micro & Small Enterprises (Refer Note 29)	-	-
Others	8,390,050	36,274
	<u>8,390,050</u>	<u>36,274</u>

**7. Other Current Liabilities**

(Amount in Rs.)

	As at 31st March 2016	As at 31st March 2015
<b>Other Payables :</b>		
Statutory Remittances	760,549	-
Employee related Liabilities	218,934	-
Accrued Liabilities for Expenses	136,512	-
	<u>1,115,995</u>	<u>-</u>

**8. Short-Term Provisions**

(Amount in Rs.)

	As at 31st March 2016	As at 31st March 2015
<b>Provision for Employee Benefits</b>		
Gratuity	59,617	-
Compensated absences	96,595	-
	<u>156,212</u>	<u>-</u>



**10. Non Current Investments**

	(Amount in Rs.)	
	As at	As at
	31st March 2016	31st March 2015
<b>Details of investment in Partnership Firm</b>		
Capital Account	24,750,000	24,750,000
Current Account	27,591,838	23,427,050
	<b>52,341,838</b>	<b>48,177,050</b>
<b>Name of Firm - Hybrid Coatings</b>		
<b>Name of Partners &amp; Share of Profit (%)</b>		
1. Building Envelope Systems India Limited	99.0	99.0
2. Jayan Paul	0.5	0.5
3. Paul Jayan	0.5	0.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>
<b>Total Capital of Firm</b>	<b>25,000,000</b>	<b>25,000,000</b>

**11. Other non current assets**

	(Amount in Rs.)	
	As at	As at
	31st March 2016	31st March 2015
Unamortised Preliminary Expenses	-	323,958
	<b>-</b>	<b>323,958</b>

**12. Long-Term Loans and Advances**

	(Amount in Rs.)	
	As at	As at
	31st March 2016	31st March 2015
Mat Credit Entitlement	168,700	-
Advance Income Tax (Net of Provisions Rs.)	731,300	-
	<b>900,000</b>	<b>-</b>

**13. Cash and Bank Balances**

	(Amount in Rs.)	
	As at	As at
	31st March 2016	31st March 2015
<b>Balances with banks</b>		
In current account	2,429,248	43,058
<b>Cash on hand</b>	<b>38,745</b>	<b>645</b>
	<b>2,467,993</b>	<b>43,703</b>

**14. Trade Receivables**

	(Amount in Rs.)	
	As at	As at
	31st March 2016	31st March 2015
<b>Outstanding for period exceeding six months from the date they were due for payment</b>		
Unsecured, considered good	1,052,325	-
Other Trade Receivables - Unsecured, considered good	<b>1,052,325</b>	<b>-</b>



**BUILDING ENVELOPE SYSTEMS INDIA LTD.**

Notes forming part of financial statements.

**15. Inventories (At lower of cost and net realizable value)**

	(Amount in Rs.)	
	As at	As at
	31st March 2016	31st March 2015
Raw Material	14,060,182	
Packing Material	556,447	
Finished Goods	5,892,199	
Consumables	2,283,616	
	<u>22,792,444</u>	-

**16. Short Term Loans and Advances**

	(Amount in Rs.)	
	As at	As at
	31st March 2016	31st March 2015
<b>Unsecured, considered good</b>		
Advances to vendors	772,434	
Balances with Government Authorities	6,396,380	
Prepaid Expenses	65,376	
	<u>7,234,190</u>	-

**17. Other non current assets**

	(Amount in Rs.)	
	As at	As at
	31st March 2016	31st March 2015
Unamortised Preliminary Expenses	-	323,959
	<u>-</u>	<u>323,959</u>



**BUILDING ENVELOPE SYSTEMS INDIA LTD.**

Notes forming part of financial statements.

**18. Revenue from Operations**

	(Amount in Rs.)	
	For the year ended	For the year ended
	31st March 2016	31st March 2015
<b>Sale of Manufactured Goods</b>		
Gross Sales	51,900,079	-
Less: Excise Duty Paid	5,725,176	-
	<b>46,174,903</b>	<b>-</b>

**19. Other Income**

	(Amount in Rs.)	
	For the year ended	For the year ended
	31st March 2016	31st March 2015
Share in Profit from Partnership Firm	7,244,788	10,163,676
Miscellaneous Income	106,374	185
	<b>7,351,162</b>	<b>10,163,861</b>

**20. Cost of Materials Consumed**

	(Amount in Rs.)	
	ended	ended
	31st March 2016	31st March 2015
<b>Raw and Packing Material</b>		
Opening	-	-
Add: Purchase	49,506,510	-
Total	49,506,510	-
Less: Closing	14,616,629	-
	<b>34,889,881</b>	<b>-</b>

**21. Changes in Inventories of Finished Goods**

	(Amount in Rs.)	
	For the year ended	For the year ended
	31st March 2016	31st March 2015
<b>Finished Goods</b>		
Opening	-	-
Closing Finished Goods	5,892,199	-
Increase/Decrease of Finished Goods	<b>(5,892,199)</b>	<b>-</b>





**22. Employee Benefits Expense**

	(Amount in Rs.)	
	ended	ended
	31st March 2016	31st March 2015
Salary & Wages	4,528,198	
Contribution to Provident Funds	260,784	
Gratuity Expenses	59,617	
Staff Welfare	55,335	
	<b>4,903,934</b>	-

**23. Other Expenses**

	(Amount in Rs.)	
	For the year	For the year
	ended	ended
	31st March 2016	31st March 2015
Security Service Charges	327,132	-
Excise Duty on Finished Goods	654,689	-
Consumption of Consumables	1,091,389	-
Electricity Charges	1,657,551	-
Manpower Expenses	1,458,938	-
Insurance Premium	171,824	-
Legal and statutory Expenses	247,965	5,900
Repairs to Plant and Machinery	165,460	-
Repairs to Building and Electricals	78,885	-
Repairs to Vehicles and Others	79,079	-
Communication expenses	94,713	-
Preliminary Expenses	647,917	484,293
Audit fees	100,000	11,236
Travelling Expenses	197,117	105,623
Professional fees	795,100	84,818
Other Expenses	388,711	42,558
	<b>8,156,470</b>	<b>734,428</b>

**Sub Grouping of Other Expenses**

Printing & Stationery	35,535	-
Professional Tax	12,500	7,500
Bank Charges	4,436	-
Production Consumables	35,638	-
Advertisement Expenses	-	31,710
Accommodation Charges	57,619	-
Cleaning Charges	5,267	-
Courier Charges	32,969	-
Fire & Safety Expenses	34,201	-
Food Exp for Others	22,493	-
Fuel Expenses	24,722	-
Interest	14,276	-
Local Conveyance	10,335	-
Medical Expenses	2,721	-
Mineral Water Expenses	11,630	-
Misc. Expenses	10,811	-
PF Administration Exp	34,293	-
Rates & Taxes	25,291	-
TDS Expense	2,600	-
TDS Interest	54	-
Office Expenses	11,320	3,348
	<b>388,711</b>	<b>42,558</b>



**BUILDING ENVELOPE SYSTEMS INDIA LTD**

FIXED ASSET SCHEDULE AS AT 31-03-2016		GROSS BLOCK						ACCUMULATED DEPRECIATION				NET BLOCK		NOTE NO. '9'	
		As at 01.04.2015	Additions	Deductions/ Adjustments	As at 31.03.2016	As at 01.04.2015	Provided during the year	Deductions/ Adjustments	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016			
<b>1. Tangible</b>															
Factory Land	-	28,406,925	-	28,406,925	-	-	-	-	-	-	-	-	28,406,925	-	-
Building	-	16,285,175	-	16,285,175	-	362,216	-	-	362,216	-	-	-	15,922,959	-	-
Plant & Machinery	-	33,037,630	-	33,037,630	-	2,059,767	-	-	2,059,767	-	-	-	30,977,863	-	-
Electric Equipments	-	6,772,250	-	6,772,250	-	630,172	-	-	630,172	-	-	-	6,142,078	-	-
Furniture & Fixtures	-	751,578	-	751,578	-	69,900	-	-	69,900	-	-	-	681,678	-	-
Office Equipments	-	257,053	-	257,053	-	48,173	-	-	48,173	-	-	-	208,880	-	-
Computer and Accessories	-	77,234	-	77,234	-	24,123	-	-	24,123	-	-	-	53,111	-	-
Vehicles	-	1,636,200	-	1,636,200	-	130,110	-	-	130,110	-	-	-	1,506,090	-	-
<b>Total</b>	-	<b>87,224,045</b>	-	<b>87,224,045</b>	-	<b>3,324,461</b>	-	-	<b>3,324,461</b>	-	-	-	<b>83,899,584</b>	-	-
<b>2. Intangible</b>															
Software	43,200	-	-	43,200	17,349	13,680	-	-	31,029	-	-	-	12,171	25,851	-
<b>GRAND TOTAL</b>	<b>43,200</b>	<b>87,224,045</b>	-	<b>87,267,245</b>	<b>17,349</b>	<b>3,338,141</b>	-	-	<b>3,355,490</b>	-	-	-	<b>83,911,755</b>	<b>25,851</b>	-
Previous Year	28,800	14,400	-	43,200	6,224	11,125	-	-	17,349	-	-	-	25,851	-	-



## **BUILDING ENVELOPE SYSTEMS INDIA LTD.**

### **Notes forming part of financial statements**

#### **1. Corporate information**

Building Envelope Systems India Limited ("the Company") is a Public Limited Company incorporated in India in the year 2012. The Company is engaged in the business of manufacturing the construction material.

#### **2. Significant Accounting Policies**

##### **2.1 Basis of accounting and preparation of financial statements**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The financial statements have been prepared on accrual basis under the historical cost convention on a going concern basis. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

##### **2.2 Use of Estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/ materialised.

##### **2.3 Fixed Assets (Tangible/ Intangible)**

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

##### **2.4 Depreciation and amortisation**

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.



Depreciation on tangible fixed assets has been provided on the Straight-Line Method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Intangible assets are amortised over their estimated useful life on the Straight-Line Method as follows:

- Software - 3 years

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

## **2.5 Investments**

Long-term investment, are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value.

## **2.6 Inventories**

Raw Materials and Packing materials are valued at the lower of weighted average cost and net realisable value.

Finished goods, Stock-in-Trade and Work-in-Progress are valued at lower of weighted average cost and net realisable value. Cost for this purpose includes direct materials, direct labour, excise duty and appropriate overheads.

Consumable stores and spares are valued at the lower of weighted average cost and net realisable value, as estimated by the management.

## **2.7 Revenue recognition**

Income from sale of goods is recognised upon transfer of significant risks and rewards of ownership of the goods to the customer which generally coincides with dispatch of goods to customer. Sales are net of - Sales Tax/ VAT, returns, rebates and discounts.

Interest income is recognised on accrual basis.

Claims / Insurance Claim etc. are accounted for when no significant uncertainties are attached to their eventual receipt.

Dividend is accounted for when right to receive dividend is established.



## **2.8 Foreign currency transactions and translations**

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction. Foreign currency monetary items (other than forward contracts) of the Company, outstanding at the Balance Sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

## **2.9 Employee benefits**

Employee benefits include Provident Fund, Gratuity and Compensated Absences.

### **Defined contribution plans**

The Company's contribution to Provident Fund is considered as defined contribution plans and is charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

### **Defined benefit plans**

For defined benefit plans in the form of Gratuity, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

### **Long-term employee benefits**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

## **2.10 Taxes on income**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.



Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets.

## **2.11 Provisions and contingencies**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised nor disclosed in the financial statements.

## **2.12 Earnings Per Share**

Basic earning per equity share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of shares outstanding during the year is adjusted for share split that have changed the number of equity shares outstanding without a corresponding change in resources.

For the purpose of calculating diluted earnings per equity share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

## **2.13 Impairment of Assets**

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the assets and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the assets net sales or present value as determined above.



**2.14 Cash and cash equivalents (for purposes of Cash Flow Statement)**

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank, cash in hand and short-term investments with an original maturity of three months or less.

**2.15 Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / loss before extraordinary items and tax is adjusted for the effects of transactions of non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the company are segregated based on available information.

**2.16 Operating cycle**

Based on the varied nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has considered its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.



28. **Related party Transactions:**

Related Party Disclosures as required by AS-18, "Related Party Disclosure" are given below:

(i) **Relationships:**

Pidilite Industries Ltd.	Holding Company
<b>Key Management Personnel :</b>	
Shri Jayan Paul	Managing Director

(ii) Transactions with Related Parties for the year ended 31st March, 2016 are as follows

<b>Nature of Transaction</b>	<b>Pidilite Industries Limited</b>
Sales (including Taxes collected)	5,19,00,079
Purchases	33,22,516
<b>Outstanding Balance:</b>	
- Debtors Including advances	10,52,325
- Creditors	33,22,516

29. Disclosures required under Section 22 of Micro, Small and Medium Enterprise Development Act, 2006:

	As at 31st March, 2016	As at 31st March, 2015
(i) Principal amount remaining unpaid to any SME supplier as at the end of the accounting year	Nil	Nil
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	Nil	Nil
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	Nil	Nil
(iv) The amount of interest due and payable for the year	Nil	Nil
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	Nil	Nil
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	Nil	Nil





## BUILDING ENVELOPE SYSTEMS INDIA LTD.

### Notes forming part of financial statements

#### 24. Contingent Liabilities and Commitments

Particulars	As at march 31, 2016	As at march 31, 2015
Contingent liabilities not provided for:	Nil	Nil
Commitments:		
Estimated amount of contracts, net of advances, remaining to be executed on capital account and not provided for	8,93,055	-

#### 25. Value of imports calculated on CIF basis

Particulars	As at march 31, 2016	As at march 31, 2015
Raw Materials	45,69,968	-

26. In accordance with the principles given in Accounting Standard on Segment Reporting (AS 17) notified by Companies (Accounting Standards) Rules, 2006, the Company has one reportable business segment i.e "Construction Chemical Manufacturing". The Company has no other reportable segment. Further, business of the Company is within India hence there is no Geographical segment.

#### 27. Earnings Per Share (EPS)

Particulars	As at march 31, 2016	As at march 31, 2015
Profit for the year	76,61,495	94,18,308
Weighted Average number of Equity Shares	76,66,712	40,50,000
Par value per Share	10	10
Earnings per Share (Basic and Diluted)	1.00	2.33



The above information regarding dues to Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information collected with the Company. This has been relied upon by the auditors.

### 30. Employee Benefits

#### Defined Benefit Plans

##### (a) Gratuity

Valuations in respect of above have been carried out by independent actuary, as at the balance sheet date, based on the following assumptions:

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
(i) Discount Rate (per annum)	7.65%	-
(ii) Rate of increase in Compensation levels (per annum)	6.50%	-
(iii) Expected Rate of Return on Assets	NA	-
(iv) Attrition Rate	10%	-
(v) Retirement Age	60 years	-

- (vi) The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario, etc.. In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are well diversified.
- (vii) The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.
- (viii) The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
<b>Changes in Present value of Obligation</b>		
(a) Opening Present value of Obligation	-	-
(b) Interest Cost	-	-
(c) Current Service Cost	-	-
(d) Benefits Paid	-	-



(e) Actuarial (Gains)/Loss	59,617	-
(f) Closing Present value of Obligation	59,617	-
<b>Changes in Fair value of Plan Assets</b>		
(a) Opening Present value of Plan Assets	-	-
(b) Expected Return on Plan Assets	-	-
(c) Actuarial Gain/(Loss)	-	-
(d) Employer's Contributions	-	-
(e) Benefits Paid	-	-
(f) Closing Fair value of Assets	-	-
<b>Changes in Fair value of Plan Assets</b>		
(a) Opening Present value of Plan Assets	-	-
(b) Expected Return on Plan Assets	-	-
(b) Actuarial Gains/(Losses) on Plan Assets	-	-
(c) Actual Return on Plan Assets	-	-
<b>Percentage of each category of Plan Assets to total closing fair value</b>		
(a) Administered by Life Insurance Corporation of India	-	-
<b>Reconciliation of the Present Value of Defined Present Obligations and Fair Value of Assets</b>		
(a) Closing Present value of Funded Obligation	59,617	-
(b) Closing Fair value of plan Assets	-	-
(c) Funded (Asset) / Liability recognised in the Balance Sheet	59,617	-
<b>Amounts recognized in the Balance Sheet</b>		
(a) Closing Present value of Obligation	59,617	-
(b) Closing Fair value of Plan Assets	-	-
(c) (Asset) / Liability recognized in the Balance Sheet	59,617	-
<b>Expenses recognized in the Statement of Profit and Loss</b>		
(a) Current Service Cost	59,617	-
(b) Interest Cost	-	-
(c) Expected Return on Plan Assets	-	-
(d) Net Actuarial (Gain) / Loss	-	-
(e) Total Expenses recognized in the Statement of Profit and Loss	59,617	-
<b>Experience adjustments</b>		
Fair value of Plan Assets, End of Period	-	-
Projected Benefit Obligation, End of Period	59,617	-
(Surplus)/Deficit in the Plan	-	-
Experience Adjustments on Plan Assets	-	-

