
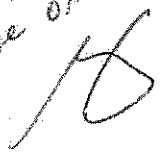


Puivitec do Brasil Indústria e Comércio de Colas e Adesivos Ltda.
BALANCE SHEET AS AT 31ST MARCH, 2016

Particulars	Note No	As At 31st March, 2016		As At 31st March, 2015	
		Amount	Amount	Amount	Amount
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	2	69,460,777		82,436,453	
Reserves and Surplus	3	(55,027,055)		(53,215,446)	
Money received against Share Warrants			14,433,722		9,221,006
Share Application Money Pending Allotment					
Minority interest					
Non-Current Liabilities					
Long-Term Borrowings		-		-	
Deferred Tax Liabilities (Net)		-		-	
Other Long-Term Liabilities		-		-	
Long-Term Provisions	4	2,133,817	2,133,817	2,098,253	2,098,253
Current Liabilities					
Short-Term Borrowings	5	8,038,864		8,001,862	
Trade Payables	6	5,336,928		8,318,062	
Other Current Liabilities	7	1,815,863		1,422,349	
Short-Term Provisions	8	1,019,487	16,211,141	1,112,626	19,854,899
TOTAL			32,778,681		31,174,158
ASSETS					
Non-Current Assets					
Fixed Assets					
Tangible Assets	14	2,279,809		2,596,754	
Intangible Assets		5,377,759		5,401,706	
Capital Work-In-Progress		-		48,841	
Intangible Assets Under Development		-		-	
Fixed Assets Held for Sale		-		-	
		7,657,568		8,047,301	
Goodwill on Consolidation		-		-	
Non-Current investments		-		-	
Deferred Tax Assets (Net)		-		-	
Long-Term Loans and Advances	9	2,350,738		-	
Other Non-Current Assets		-	10,008,306	-	8,047,301
Current Assets					
Current Investments					
Inventories	10	5,527,133		6,269,737	
Trade Receivables	11	14,749,908		14,308,665	
Cash and Cash Equivalents	12	1,059,350		10,045	
Short-Term Loans and Advances	13	1,433,906		2,538,410	
Other current assets		-	22,770,375	-	23,126,867
TOTAL			32,778,681		31,174,158

See accompanying notes forming part of the Financial Statements


Carlo Sala
Administrador
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Crowe Horwath (1/13)
(For identification purpose only)


Pulvítec do Brasil Indústria e Comércio de Colas e Adesivos Ltda.
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

Particular	Note No	Year ended 31st March, 2016		Year ended 31st March, 2015	
		Amount	Amount	Amount	Amount
Income					
Revenue from Operations (Gross)	15	71,945,268		77,822,190	
Less: Excise Duty		20,222,017		22,332,396	
Revenue from Operations (Net)			51,723,252		55,489,794
Other Income	16		1,343,108		1,340,846
Total Revenue			53,066,358		56,830,640
Expenses					
Cost of Materials Consumed	17		30,411,991		32,126,517
Purchase of Stock-in-Trade					
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	18		1,136,336		960,964
Employee Benefits Expense	19		7,826,784		9,920,285
Finance Costs	20		3,343,655		2,401,284
Depreciation/Amortisation/Impairment Expense			547,602		549,346
Other Expenses	21		11,610,200		17,248,053
Research and Development Expenditure					
Total Expenses			54,877,966		63,206,448
Profit / (Loss) Before Exceptional Items and Tax			(1,811,609)		(6,375,808)
Exceptional Items					
Profit Before Tax			(1,811,609)		(6,375,808)
Tax Expense: Current Tax Deferred Tax					
Profit / (Loss) from the Period from Continuing Operations			(1,811,609)		(6,375,808)
Profit / (Loss) from Discontinuing Operations Before Tax					
Tax Expense of Discontinuing Operations					
Profit / (Loss) from Discontinuing Operations					
Profit / (Loss) for the Year			(1,811,609)		(6,375,808)
Minority Interest					
Profit / (Loss) for the Year After Minority Interest			(1,811,609)		(6,375,808)
Earning Per Equity Share					
Basic and Diluted (') Face Value per Equity share - ' ...			-0.03		-0.10

See accompanying notes forming part of the Financial Statements


Carlo Sala
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Pulvitec do Brasil Indústria e Comércio de Colas e Adesivos Ltda.
 NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	Note No	As At 31st March, 2016		As At 31st March, 2015	
		Number of Shares	Amount	Number of Shares	Amount
2. Share Capital					
Authorised Capital		75,000,000	75,000,000	75,000,000	75,000,000
Equity Shares of BRL 1 each		75,000,000	75,000,000	75,000,000	75,000,000
		75,000,000	75,000,000	75,000,000	75,000,000
Issued, Subscribed and Fully Paid					
Equity Shares of BRL 1 each		69,460,777	69,460,777	62,436,453	62,436,453
Preference Shares of BRL 1 each		69,460,777	69,460,777	62,436,453	62,436,453
Reconciliation of the Number of Equity Shares Outstanding					
Outstanding at the Beginning of the Year		12,563,547	12,563,547	19,610,926	19,610,926
Add: Equity Shares Issued During the Year		-	-	-	-
Less: Equity Shares Bought Back During the Year		-	-	-	-
Outstanding at the End of the Year		5,539,223	5,539,223	12,563,547	12,563,547



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Pulvitec do Brasil Indústria e Comércio de Colas e Adesivos Ltda.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As At 31st March, 2016		As At 31st March, 2015	
	Amount	Amount	Amount	Amount
3. Reserve and Surplus				
Surplus / Deficit in statement of Profit and Loss				
Opening Balance			(46,839,638)	(53,215,446)
Add: Profit / (Loss) for the Year	(53,215,446)		(6,375,808)	
Transfer from General Reserve	(1,911,609)			
Proposed Dividend and Dividend Tax Written back				
Less: Proposed Dividend				
Corporate Dividend Tax				
Closing Balance		(55,027,055)		(53,215,446)
		(55,027,055)		(53,215,446)
4. Long-Term Provisions				
Provision from Employee Benefits				
Provision for Compensated Absences				
Provision for Retirement Benefits				
Provision - Others (Specify nature)				
1 - Labour Litigation	1,688,110		1,653,546	
2 - Tax Litigation	444,707	2,133,817	444,707	2,098,253
		2,133,817		2,098,253
5. Short-Term Borrowings				
Secured Borrowings				
Loan Repayable on Demand:				
from Bank				
from Other Parties				
Loans and Advances:				
from Subsidiary Company				
from Related Parties				
Deposits				
Public Deposits				
Inter-corporate Deposits				
Other Loans and Advances (Specify Nature)				
1: Fixed Maturity loan from Bank	8,038,864	8,038,864	9,001,862	9,001,862
		8,038,864		9,001,862
Unsecured Borrowings				
Loan Repayable on Demand:				
from Bank				
from Other Parties				
Loans and Advances:				
from Subsidiary Company				
from Related Parties				
Deposits				
Public Deposits				
Inter-corporate Deposits				
Other Loans and Advances (Specify Nature)				
		8,038,864		9,001,862



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Puivites do Brasil Indústria e Comércio de Colas e Adesivos Ltda.
 NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	Note No	As At 31st March, 2016		As At 31st March, 2015	
		Amount	Amount	Amount	Amount
6. Trade Payables					
Acceptances			5,336,928		6,318,062
Other than Acceptances			-		-
			5,336,928		6,318,062
7. Other Current Liabilities					
Current Maturities of Long-Term Debt			-		-
Current Maturities of Finance Lease Obligations			-		-
Interest Accrued but not Due on Borrowings			906,464		35,848
Interest Accrued and Due on Borrowings			-		-
Unpaid Dividends			-		-
Unpaid Matured Deposits and Interest Accrued thereon			-		-
Unpaid Matured Debentures and Interest Accrued thereon			-		-
Statutory Remittances			-		-
Payable on Purchase of Fixed Assets			-		-
Contractually Reimbursable Expenses			-		-
Interest Accrued on Others			-		-
Trade / Security Deposits received			-		-
Advances from Customers			18,104		14,784
Statutory Liability			450,417		893,498
Audit liability			24,500		95,777
Other			419,379		392,441
			1,815,863		1,422,349
8. Short-Term Provisions					
Provision from Employee Benefits			-		-
Provision for Compensated Absences			-		-
Provision for Gratuity (Net)			-		-
Provision - Others:					
Provision for Tax [Net of Advance tax ' ____ (Previous Year ' ____)]			1,019,487		1,112,626
Provision for Fringe Benefit Tax [Net of Advance Tax ' ____ (Previous Year ' ____)]			-		-
Provision for Proposed Equity Dividend			-		-
Provision for Corporate Dividend Tax			-		-
			1,019,487		1,112,626
9. Long-Term Loans and Advances					
Judicial Deposit			2,350,738		-
			2,350,738		-
10. Inventories (Valued at Lower of Cost and Net Realisable Value)					
Raw Materials and Components		731,732		521,648	
Goods-in-Transit			731,732		521,648
Packing Material		1,045,616		603,642	
Goods-in-Transit			1,045,616		603,642
Work-in-Progress		74,605		105,429	
Goods-in-Transit			74,605		105,429
Finished Goods		1,932,000		3,037,512	
Goods-in-Transit			1,932,000		3,037,512
Stock-in-trade (acquired for Trading)			-		-
Goods-in-Transit			-		-
Stores and spares			-		-
Goods-in-Transit			-		-
Loose tools			-		-
Goods-in-Transit			-		-
Others material (Third Party)		1,743,180		2,001,508	
Inventory provision			1,743,180		2,001,508
			5,527,133		6,269,737


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Pulvitec do Brasil Indústria e Comércio de Colas e Adesivos Ltda.
 NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	Note No	As At 31st March, 2016		As At 31st March, 2015	
		Amount	Amount	Amount	Amount
11. Trade Receivables (Unsecured – Considered Good unless stated otherwise)					
Over Six Months					
Considered Good		31,982		34,789	
Doubtful		-		-	
Less: Provision for Doubtful Trade Receivables		(31,982)		(34,789)	
Other Trade Receivables					
Considered Good		15,009,781		14,533,672	
Doubtful		-		-	
Less: Provision for Doubtful Trade Receivables		(259,796)	14,749,986	(225,007)	14,308,665
			14,749,986		14,308,665
The above includes Debts due from Director and other officer of the company					
12. Cash and Cash Equivalents					
Cash on hand		2,500	2,500	2,500	2,500
Cheques, Drafts on hand		-	-	-	-
Balance with Banks					
In Current Accounts		1,056,650		7,545	
In EEFC Accounts (Foreign currency Account)		-		-	
In Deposit Accounts (refer footnote (i) below)		-		-	
In Earmarked Accounts		-		-	
Unpaid Dividend Accounts (refer footnote (ii) below)		-		-	
Unpaid Matured Debentures		-		-	
Balances held as Margin Money or Security against Borrowings, Guarantees and Other Commitments (refer footnote (i) below)		-	1,056,850	-	7,545
Others		-		-	
			1,059,350		10,045
Of the above, the balances that meet the definition of Cash and Cash Equivalents as per AS 3 Cash Flow Statements is			1,059,350		10,045
Footnote					
(i) Balances with Banks include Deposits amounting to _____ (Previous Year _____) and Margin Monies amounting to _____ (Previous Year _____) which have an original Maturity of more than 12 months.					
(ii) Represents amount which are not available for use by the Company.					
13. Short-Term Loans and Advances (Unsecured – Considered Good unless stated otherwise)					
Loans and Advances to Subsidiary Company		-		-	
Security Deposits		-		-	
Considered Good		-		-	
Doubtful		-		-	
Less: Provision for Doubtful Deposits		-		-	
Loans and Advances to Employees					
Considered Good		30,392		10,511	
Doubtful		-		-	
Less: Provision for Doubtful Loans and Advances		-	30,392	-	10,511
Prepaid Expenses		-	280,690	-	212,726
Balance with Government Authorities		-		-	
Inter-Corporate Deposits					
Considered Good		-		-	
Doubtful		-		-	
Less: Provision for Doubtful Inter-Corporate Deposits		-		-	
Advances for Supply of Goods and Services			1,122,834		2,315,173
Advance Income-Tax [net of Provisions _____ Million (Previous Year _____ million)]					
MAT Credit Entitlement					
			1,433,906		2,638,410

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Pulvitec do Brasil Indústria e Comércio de Colas e Adesivos Ltda.
 NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particular	As At 31st March, 2016		Year ended 31st March, 2015	
	Amount	Amount	Amount	Amount
15. Revenue from Operations				
Sales of Products		71,945,268		77,822,190
Sales of Services		-		-
Other Operating Revenues		-		-
Share of Profit from Partnership Firms		-		-
Sale of Scrap		-		-
Royalty Income		-		-
Others		-		-
		71,945,268		77,822,190
16. Other Income				
Interest on		-		-
Deposits with Banks		-		-
Loans and Advances		-		-
Other Current Investments		-		-
Other Long-Term Investment		-		-
Loan to Subsidiary Company		-		-
Others		-		-
Dividend Income - Other Long-Term Investments		-		-
Net Gain on Sales of:		-		-
Current Investments		-		-
Long-Term Investments		-		-
Net Gain on Foreign Currency Transactions and Translation (Other than considered as Finance Cost)		-		-
Profit on Sale of Fixed Assets (Net)		-		-
Sundry Balances Written Back (Net)		-		-
Insurance Claims		-		-
Lease Rental and Hire Charges		-		-
Other Non-Operating Income		1,343,106		1,340,846
		1,343,106		1,340,846
17. Cost of Material Consumed				
<i>Raw Material & Packing Material</i>				
Inventories at the beginning of the year		3,126,796		3,268,075
Add : Purchases of RM & PM during the year		30,805,123		31,984,238
Less : Inventories at the end of the year		(3,520,529)		(3,126,796)
		30,411,391		32,126,517
18. Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade				
Inventories at the end of the year:		(2,006,605)		(3,142,941)
Inventories at the beginning of the year:		3,142,941		4,103,905
		1,136,336		960,964
19. Employee Benefits Expense				
Salaries and Wages		4,864,715		6,183,927
Contribution to Provident and Other Funds		1,628,862		2,103,809
Expense on Employee Stock Option (ESOP) Scheme		-		-
Staff Welfare Expenses		1,335,207		1,632,548
		7,828,784		9,920,285
20. Finance Costs				
Interest Expense on:				
Borrowings		3,343,655		2,401,284
Loan From Subsidiary Company		-		-
Others		3,343,655		2,401,284
Other Borrowing Costs		-		-
Net (Gain) / Loss on Foreign Currency Transactions and Translation (considered as Finance Cost)		-		-
		3,343,655		2,401,284

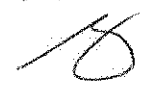
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Pulvítec do Brasil Indústria e Comércio de Colas e Adesivos Ltda.
 NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	Year ended 31st March, 2015		Year ended 31st March, 2015	
	Amount	Amount	Amount	Amount
21. Other Expenses				
Consumption of Stores and Spare Parts		290,792		329,147
Conversion and Other Manufacturing Charges		33,013		75,524
Power and Fuel		375,742		346,730
Rent		1,094,736		1,226,363
Rates and Taxes		54,817		(3,300)
Insurance		190,841		204,079
Selling and Distribution		4,109,842		4,180,188
Commission and Discount		2,403,592		2,319,759
Repairs		-		-
Building		-		-
Plant and Machinery	86,864	-	267,363	-
Others	111,648	198,312	164,508	431,871
Printing and Stationery		18,446		23,679
Travelling and Conveyance		652,070		746,361
Overseas Travel and Export Promotion		-		-
Communication		293,642		137,287
Provision for Doubtful Trade and Other Receivables / Loans and Advances		-		-
Provision for Doubtful Debts		-		-
Sundry Balances / Bad Debts Written Off (Net)	285,628	-	193,292	-
Less: Adjusted out of Provision for earlier years		285,628		193,292
Professional and Consultancy		(1,369,103)		2,051,515
Donations		-		-
Loss on Fixed Assets Sold / Written Off / Scrapped		1,981		14,049
Net loss on Sale of Investments		-		-
From Current Investments		-		-
From Long-Term Investments		-		-
Net loss on Foreign Currency Transactions and Translation (Other than considered as Finance Cost)		271,934		835,516
Increase / (Decrease) of Exise Euly on Inventory		-		-
Payment to Auditors		-		-
Audit Fees	157,112	-	104,882	-
Taxation Matters	-	-	-	-
Company Law Matter	-	-	-	-
Management Service	-	-	-	-
Other Services	-	-	-	-
For Reimbursement Expenses		157,112		104,882
Miscellaneous Expenses		2,546,822		4,034,111
		11,610,200		17,248,053


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Pulvões do Brasil Indústria e Comércio de Celas e Adesivos Ltda.

Note: 14 Fixed assets

Sr. No	Particulars	Gross block						Depreciation / amortization / impairment				Net block		
		As at 31st March, 2015	Addition during the year	Disposal during the year	Reclassified as held for sale	Revaluation increase	Effect of foreign currency exchange differences	As at 31st March, 2016	As at 31st March, 2016	Eliminated on reclassification as held for sale	On disposals during the year	For the year	As at 31st March, 2016	As at 31st March, 2015
I	Tangible assets													
1	Land: Freehold Leasehold													
2	Buildings: Owned Taken under finance lease Given under operating lease													
3	Plant and equipment: Owned Taken under finance lease Given under operating lease	8,493,031	118,442	(28,727)	55,808		8,655,314	5,999,924	485,055	(23,855)		6,457,124	2,178,189	2,493,167
4	Furniture and fixtures: Owned Taken under finance lease Given under operating lease	201,148	0	(433)	0		200,715	162,845	8,326	(433)		170,837	29,877	38,253
5	Vehicles: Owned Taken under finance lease Given under operating lease													
6	Office equipment: Owned Taken under finance lease Given under operating lease	248,870	326	(7,528)	0		241,668	221,535	5,214	(7,432)		219,279	22,389	27,335
7	Other (Specify): Owned Taken under finance lease Given under operating lease	514,423	33,639	(86,053)	55,808		404,502	427,533	15,669	(88,053)		355,149	49,353	86,890
		9,457,552	150,407	(125,741)	0	0	9,482,198	8,810,937	514,264	(123,812)		7,202,389	2,279,809	2,646,695
	Previous year													
II	Intangible assets													
	Trademarks, Designs and other intangible assets	20,009,403	10,139	(20,510)	0		22,998,931	17,607,697	34,055	(23,578)		17,621,173	5,377,759	5,401,706
		23,009,403	10,139	(20,510)	0		22,998,931	17,607,697	34,055	(23,578)		17,621,173	5,377,759	5,401,706
	Previous year	32,466,924	160,546	(146,351)	0	0	32,481,150	24,419,633	548,319	(444,393)		24,623,562	7,657,658	8,047,301

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Pulvitec do Brasil Indústria e Comércio de Colas e Adesivos Ltda.

Notes

Corporate information

Pulvitec do Brasil Ind. e Com. de Colas e Adesivos Ltda. (the "Company" or "Pulvitec") is a limited liability company, located at Avenida Presidente Altino, 2468, São Paulo, incorporated for the main purpose of manufacturing and selling various products such as adhesives, sealants, construction and paint chemicals, art materials, resins and organic pigments. The products are applied in several segments, and are commercialized in both domestic and foreign markets

Significant Accounting Policies

Basis of Preparation of Financial Statements

The financial statements as of March 31, 2016 were prepared in accordance with accounting practices adopted in Brazil, which are comprised of pronouncements issued by the Brazilian Accounting Regulator (CPC), and approved by the Brazilian Accounting Council (CFC). The Company adopted the technical pronouncement SME - Accounting for Small and Medium- Sized Entities issued by the Brazilian Accounting Regulator (NBC 19.41). The financial statements are presented in Brazilian Reais, which is also the functional currency of the Company

Use of Estimates

The preparation of the financial statements requires Management to make judgments, estimates and adopt assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, as well as the disclosure of contingent liabilities, at the balance sheet date. Assets and liabilities subject to estimates and assumptions include the useful life of property, plant and equipment, impairment of assets, deferred tax assets, provision for uncertain tax positions, labor and civil risks, and the financial instruments.

Accounting estimates and assumptions

The main assumptions relate to sources of uncertainty in future estimates and other important sources of uncertainty in estimates at the balance sheet date, which may result in different amounts upon settlement. The financial statements were prepared based on various evaluation bases used in the accounting estimates. The accounting estimates considered in the preparation of the financial statements were based on objective and subjective factors, and Management's judgment to determine the adequate value to be recorded in the financial statements. Significant items subject to such estimates and assumptions include provision for impairment losses, allowance for doubtful accounts, deferred tax assets, provision for contingencies, financial instruments measurement.

Settlement of transactions involving such estimates may result in amounts significantly different from the carrying value recorded in the financial statements, due to the probabilistic treatment inherent to the estimate process.

The Company reviews its estimates and assumptions at least annually.

The financial statements were prepared using the historical cost as their basis

Revenue recognition

The revenue from sales of goods is recognized when the significant risks and the ownership benefits of the goods are transferred to the purchaser, to the extent that economic benefits will probably be generated for the Company, and can be measured reliably. Therefore, the Company adopts as its revenue recognition policy the date on which the product is delivered to the purchaser under CIF contracts and in FOB contracts when the products are handed to purchaser transporter. Revenue is not recognized when there is significant uncertainty regarding its realization.

Cash and cash equivalents and financial investments

Cash and cash equivalents substantially include demand deposits and bank deposit certificates under resale agreements, denominated in Brazilian Reais, with high market liquidity and maturity that does not exceed 90 days or in regard to which there are no penalties or other restrictions for the immediate redemption thereof. The financial investments are classified under "financial assets measured at fair value through profit or loss".

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Accounts receivable from clients

They are stated at present value, if significant, and realization value. Allowance for doubtful accounts is recorded at an amount considered sufficient by Management to cover estimated losses on realization of credits that do not have general guarantee

Property, plant and equipment

1. **Property, Plant and equipment** - They are recorded at acquisition or construction cost, plus interest and other financial charges incurred during construction. Depreciation is calculated on a straight-line basis, according to the useful life of the asset, at the rates mentioned by regulatory authority. All repair and maintenance costs are recognized in the statement of operations when incurred.

The Company chose not to restate property, plant and equipment items at fair value on the transition date, taking into account that: (i) the method of cost less provision for impairment is the best one to state the property, plant and equipment of the Company; (ii) the Company has effective control over property, plant and equipment items that enables the determination of the estimated useful life of assets, and (iii) the depreciation rates used fairly represent the useful life of assets, which allows us to conclude that the property, plant and equipment value is close to the fair value.

A fixed asset is written-off when sold or when no future economic benefit is expected from its sale or use. Any gains or losses resulting from the disposal of assets (calculated as the difference between the net sale value and the carrying value) are recorded in the statement of operations for the period in which it is disposed of.

2. **Assessment of recoverable amount of assets (impairment test)** - Management annually revises the net book value of the assets for the purpose of assessing events or changes in the operating or technological economic circumstances that may indicate impairment or loss of their recoverable amount. When such evidence is identified and the net book value exceeds the recoverable amount, a provision for impairment is set up, adjusting the net book value to the recoverable amount. Intangible assets with indefinite useful life have their recovery of value annually tested, regardless of indication of loss of the amount.

3. **Intangible assets** - Goodwill is determined at the acquisition date and represents the excess of purchase price over the proportion of the underlying book value, based on the interest in the equity acquired. Although since January 1, 2009, goodwill amortization is no longer permitted under Brazilian accounting practices, the Company continues amortizing it over the period of 10 years based on expected future profitability. But we checked in balance 2015 and 2016 and the company doesn't do it any more.

4. **Other current and non-current assets and liabilities** - Assets are recognized in the balance sheets when it is probable that future economic benefits will be generated on behalf of the Company and their cost or value can be measured reliably. Liabilities are recognized on an accrual basis at their known or estimated amounts and when the Company has a legal or constructive obligation as result of an event in the past, the settlement of which is expected to result in an outflow of economic benefits. They are increased, when applicable, by the corresponding charges and inflation or translation adjustments. The provisions are recorded based on the best estimates of the risk involved. Assets and liabilities are classified as current when their realization or settlement is likely to occur within the following twelve months. Otherwise, they are stated as non-current assets and liabilities. Where applicable, current and non-current liabilities are recorded at present value based on interest rates that reflect the term, currency and risk of each transaction

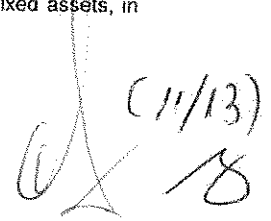
Foreign Currency Transactions

(a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.

(b) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the following date of the contract is recognised as exchange difference and the premium paid on forward contracts is recognised over the life of the contract.

(c) Non monetary foreign currency items are carried at cost.

(d) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the profit and loss account except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

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Investments

Current investments are carried at lower of cost or quoted/ fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

Inventories

Inventory items are stated at average acquisition or production cost, not exceeding their market value. The provision for slow-moving or obsolete inventories is recorded when considered necessary by Management. The fixed costs related to the capacity which is not used due to a production volume lower than normal are considered as expenses for the year.

Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to profit and loss account.

Provisions and contingencies

The Company is a party to various lawsuits and administrative proceedings. Provisions are recognized for all contingencies related to lawsuits, in which it is probable that an outflow of resources will be made to settle the contingencies, and a reliable estimate can be made. The assessment of the likelihood of loss includes evaluation of available evidence, hierarchy of Laws, available case laws, most recent court decisions, and their relevance in the legal system, as well as the opinion of external legal counsel. The provisions are reviewed and adjusted to take into account changes in circumstances, such as applicable statute of limitations, findings of tax audits, or additional exposures identified based on new issues or court decisions.

Contingent liabilities to which losses are considered possible are only disclosed in a note to financial statements, and those to which losses are considered remote are not accrued for or disclosed.

Contingent assets are recognized only when there are real guarantees or favorable final court decisions. Contingent assets with probable favorable decisions are only disclosed in the notes

Income tax and social contribution tax on net income

Taxes on income in Brazil comprise Federal income tax (25%) and social contribution tax (9%), as recorded in the statutory accounting records, for entities under the taxable profit regime, for which the composite statutory rate is 34%. When applicable, deferred taxes are provided on all temporary tax differences at the balance sheet date between the tax bases of assets and liabilities, and their carrying amounts.

Deferred tax assets are recognized to the extent that future taxable profit is expected to be available to be used to offset temporary differences.

Deferred tax assets arising from net operating losses have no expiration dates, though offset is restricted to 30% of annual taxable profit. In the event realization of deferred tax assets is not considered probable, no amount is recorded

Statement of cash flows

Statements of cash flows are prepared and presented in accordance with accounting pronouncement CPC No. 03 (R2) - Statement of Cash Flows, issued by the CPC

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 for the purpose of classification of its assets and liabilities as current and non-current.

Related Party

Company discloses all the outstanding liabilities under Trade Payables to related party under current liabilities

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Pulvitec do Brasil Indústria e Comércio de Colas e Adesivos Ltda.

Note on the Revised Schedule VI to the Companies Act, 1956

Particular	As at 31st March, 2016	As at 31st March, 2015
33 (i) CONTINGENT LIABILITIES NOT PROVIDED FOR		
1. Claims against the Company not acknowledged as debt	2,696,409	3,268,833.89
Liabilities Disputed - Appeals filed with respect to :		
Income Tax on account of Disallowances / Additions		
Withholding Tax due, relating to Employees		
Sales Tax on account of Rebate / Classification		
Excise Duty on account of Valuation / Cenvat Credit		
ESIC Contribution on account of applicability		
Other Claims against the Company not acknowledged as debts		
Others (Specify Nature)		
2. Guarantees	-	-
Guarantees Given by the bankers on behalf of the Company		
Corporate Guarantees		
Others (Specify Nature)		
3. Other money for which the company is contingently liable	-	-
Letters of Credit for Imports		
Others (Specify Nature)		
(ii) Estimated amount of contracts remaining to be executed on capital account [net of advances].		
(iii) Estimated amount of contracts remaining to be executed on other account [net of advances].		

Particular	Year ended 31st March, 2016	Year ended 31st March, 2015
34 Net Interest incomeMillion (Previous Year..... Million) comprises :		
Interest income		
Bank Deposits	-	-
Loan	-	-
Current Investment	-	-
Long term Investment	-	-
Others	0.1	0.1
	0.1	0.1
Interest Expense		
Fixed Loans	0.5	0.4
Others	2.6	1.7
	3.0	2.1

(Handwritten signature and date)
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**Component Auditor Clearance: Audit of the Component's Financial Information -
Opinion Clearance Memorandum**

**Independent Auditor's Report on Special Purpose Financial Information
Prepared for Consolidation Purposes**

From: Crowe Horwath Macro Auditores Independentes, São Paulo, Brazil
Date: April 30, 2016
Subject: Component Audit of *Pulvitec do Brasil Ind. Com. Colas e Adesivos Ltda* for the Year
Ended 31st March, 2016
To: Mr. Byram P Shroff
Deloitte Haskins and Sells, Mumbai, India.

In accordance with the instructions in your letter dated **March 19, 2016** we have audited, for purposes of your audit of the consolidated financial statements of *Pidilite Industries Limited*, the accompanying reporting package of *Pulvitec do Brasil Ind. Com. Colas e Adesivos Ltda* as of **March 31, 2016** and for the year then ended.

Management's Responsibility for the Special Purpose Financial Information

Management is responsible for the preparation of this special purpose financial information in accordance with the Local GAAP {Refer Summary of Adjustments (Appendix 20) for differences between *Pidilite Industries Limited* accounting policies and Local GAAP} and in accordance with presentation and disclosure requirements of *Pidilite Industries Limited*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the special purpose financial information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. This special purpose financial information has been prepared solely to enable *Pidilite Industries Limited* to prepare its consolidated financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on this special purpose financial information based on our audit. We conducted our audit in accordance with International Standards on Auditing. As requested, our audit procedures also included the additional procedures identified in your instructions. International Standards on Auditing require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the special purpose financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the special purpose financial information 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the special purpose financial information.

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

Opinion

In our opinion, based on our audit and in accordance with instructions in your letter dated April 30, 2016, the accompanying special purpose financial information for *Pulvitec do Brasil Ind. Com. Colas e Adesivos Ltda* as of 31st March, 2016 and for the year then ended gives a true and fair view in conformity with the Local GAAP {Refer Summary of Adjustments (Appendix 20) for differences between Pidilite Industries Limited Group's accounting policies and Local GAAP} and presentation and disclosure requirements of Pidilite Industries Limited Group.

Restriction on Use and Distribution

This special purpose financial information has been prepared for purposes of providing information to Pidilite Industries Limited to enable it to prepare the consolidated financial statements of the group. The financial information may, therefore, not be suitable for another purpose.

April 30, 2016.



Crowe Horwath Macro Auditoria, São Paulo

Crowe Horwath Macro Auditoria, Sérgio Ricardo de Oliveira