

# **KHANNA & PANCHMIA**

## **CHARTERED ACCOUNTANTS**

### **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of **Pidilite Chemicals PLC** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2017 and the Statement of Profit and Loss 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 with respect to the preparation of these IND AS financial statements that give a true and fair view of the financial position and financial performance including change in equity of the Company in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards (IND AS).

This responsibility also includes maintenance of adequate accounting records in 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 IND AS financial statements based on our audit.

While conducting the audit, we have taken into account the accounting and auditing standards and matters which are required to be included in the audit report.



We conducted our audit of IND AS Financial Statement in accordance with the Standards on Auditing. 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 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, 2017, its Profit and changes in Equity for the year ended on that date.

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

1. 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 have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet and Statement of Profit and Loss and statement of changes in Equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (IND AS) generally accepted in India.

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

*Ketan Panchmia*

**Ketan Panchmia**  
Partner  
Membership No. 038985



Date: 15/05/2017  
Place: Mumbai

**Pidilite Chemical PLC**

**Profit and Loss Account for the Year ended 31, March 2017**

Particulars	Note	April 16- March 17	April 15- March 16
		BIRR	BIRR
<b>INCOME</b>			
Other Income	12	42,572	193,370
<b>Total Income</b>		<b>42,572</b>	<b>193,370</b>
<b>EXPENSES</b>			
Employee Benefits Expense	13	1,236,918	-
Finance Costs	14	16,875	-
Depreciation and Amortization Expense	15	1,792	-
Other Expenses	16	684,105	194,526
<b>Total Expenses</b>		<b>1,939,690</b>	<b>194,526</b>
Reimbursement received		(740,906)	-
<b>Profit/(loss)before Exceptional Items and Tax</b>		<b>(1,156,212)</b>	<b>(1,155)</b>
<b>Profit before Tax</b>		<b>(1,156,212)</b>	<b>(1,155)</b>
<b>Tax Expense</b>			
Current Tax		-	-
Deferred Tax		-	-
<b>Net Tax expense</b>		<b>-</b>	<b>-</b>
<b>Profit/(loss) for the year</b>		<b>(1,156,212)</b>	<b>(1,155)</b>

Notes forming part of the Financial Statements

For KHANNA & PANCHMIA  
CHARTERED ACCOUNTANTS

For and on behalf of the board  
PIDILITE CHEMICAL PLC

*Ketan J Panchmia*



Ketan J Panchmia  
PARTNER

Membership no. 38985

15 MAY 2017

Pidilite Chemical PLC

Balance Sheet as at Year ended 31, March 2017

Particulars	Note	April 16- March 17	April 15- March 16
		BIRR	BIRR
<b>ASSETS</b>			
<b>1. Non-current assets</b>			
Property, Plant and Equipment	1	19,708	-
Capital work-in-progress	2	16,078,582	15,000,000
		<b>16,098,290</b>	<b>15,000,000</b>
Other Non current Non financial Assets	3	30,600	-
		<b>16,128,890</b>	<b>15,000,000</b>
<b>2. Current Assets</b>			
Financial Assets (Current)			
Cash and cash equivalents	4	2,215,342	2,213,001
Loans	5	75,000	-
		2,290,342	2,213,001
Other current assets	6	1,155	9,468
		<b>2,291,497</b>	<b>2,222,469</b>
<b>TOTAL ASSETS</b>		<b>18,420,387</b>	<b>17,222,469</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	7	6,269,600	3,989,600
(b) Reserve & Surplus	8	(1,104,629)	51,583
<b>Total Equity</b>		<b>5,164,971</b>	<b>4,041,183</b>
<b>LIABILITIES</b>			
<b>1. Non-current liabilities</b>			
<b>(a) Financial Liabilities</b>			
Other financial liabilities	9	12,487,500	13,162,500
		<b>12,487,500</b>	<b>13,162,500</b>
<b>2. Current Liabilities</b>			
<b>(a) Financial Liabilities</b>			
Other financial liabilities	10	767,364	18,786
		<b>767,364</b>	<b>18,786</b>
Other current liabilities	11	552	-
Current tax liabilities (net)		-	-
		<b>767,916</b>	<b>18,786</b>
<b>Total Liabilities</b>		<b>13,255,416</b>	<b>13,181,286</b>
<b>TOTAL</b>		<b>18,420,387</b>	<b>17,222,469</b>

Notes forming part of the Financial Statements

For KHANNA & PANCHMIA  
CHARTERED ACCOUNTANTS

Ketan J Panchmia  
PARTNER

Membership no. 38985

15 MAY 2017



For and on behalf of the board  
PIDILITE CHEMICAL PLC

**Pidilite Chemical PLC**  
**Cash flow statement**

Particulars	March -17	March -16
	BIRR	BIRR
<b>Cash from Operations</b>		
Profit/(Loss) After Tax	(1,156,212)	(1,155)
Dividend declared out of Reserves		
<b>Net Profit after Tax</b>	<b>(1,156,212)</b>	<b>(1,155)</b>
<b>Add: Non cash expenses</b>		
Depreciation \ Amortisation	1,792	-
<b>Net cash Profit &amp; loss account</b>	<b>(1,154,420)</b>	<b>(1,155)</b>
<b>Movement in Working Capital</b>	<b>(23,157)</b>	<b>13,171,818</b>
<b>(Increase) \ Decrease in working capital</b>		
(Increase) / Decrease in Other Current Assets	(30,600)	-
(Increase) / Decrease in Loans & Advances	(75,000)	-
Increase / (Decrease) in Sundry Creditors	8,313	(9,468)
Increase / (Decrease) in Liabilities for expens	74,130	13,181,286
<b>Net cash from operating activities</b>	<b>(1,177,577)</b>	<b>13,170,663</b>
<b>Cash from Investments</b>		
Purchase of Fixed Assets	(1,100,082)	(15,000,000)
Sales of Fixed Assets		
<b>Net cash from investment activities</b>	<b>(1,100,082)</b>	<b>(15,000,000)</b>
<b>Cash from Financing</b>		
Additio in equity share capital	2,280,000	-
<b>Net cash from financing activities</b>	<b>2,280,000</b>	<b>-</b>
<b>Net Inflow \ (Outflow) of cash in business</b>	<b>2,341</b>	<b>(1,829,337)</b>
Add : Opening cash balance	2,213,001	4,042,338
<b>Closing Cash Balance</b>	<b>2,215,342</b>	<b>2,213,001</b>
Actual cash balance as per books	2,215,342	2,213,001
<b>Difference</b>	<b>-</b>	<b>-</b>



**Pidilite Chemical PLC**

Notes to financials as at Year ended 31, March 2017.

**Property, plant and equipment Schedule**

<b>1 &amp; 2. Property, plant and equipment</b>	<b>Office equipment</b>	<b>Capital work in progress</b>	<b>Total</b>
<b>Gross Block</b>			
Opening Balance	-	15,000,000	15,000,000
Additions	21,500	1,078,582	1,100,082
Disposals/Transfers	-	-	-
Translation adjustment	-	-	-
Closing Balance	21,500	16,078,582	16,100,082
<b>Accumulated Depreciation</b>			
Opening Balance	-	-	-
Additions	1,792	-	1,792
Disposals/Transfers	-	-	-
Translation adjustment	-	-	-
Closing Balance	1,792	-	1,792
<b>Net Block</b>	<b>19,708</b>	<b>16,078,582</b>	<b>16,098,290</b>

Notes to financials as at Year ended 31, March 2016.

<b>1 &amp; 2. Property, plant and equipment</b>	<b>Office equipment</b>	<b>Capital work in progress</b>	<b>Total</b>
<b>Gross Block</b>			
Opening Balance	-	-	-
Additions	-	15,000,000	15,000,000
Disposals/Transfers	-	-	-
Translation adjustment	-	-	-
Closing Balance	-	15,000,000	15,000,000
<b>Accumulated Depreciation</b>			
Opening Balance	-	-	-
Additions	-	-	-
Disposals/Transfers	-	-	-
Translation adjustment	-	-	-
Closing Balance	-	-	-
<b>Net Block</b>	<b>-</b>	<b>15,000,000</b>	<b>15,000,000</b>



Particulars	As at 31st March 2017	As at 31st March 2016
	BIRR	BIRR
<b>3. Other Non current Non financial Assets</b>		
Prepaid Expenses	30,600	-
<b>TOTAL</b>	<b>30,600</b>	<b>-</b>
<b>4. Cash and Cash Equivalent</b>		
Cash and Cash Equivalent		
Balance with banks		
In Current Account	2,215,342	2,213,001
<b>TOTAL</b>	<b>2,215,342</b>	<b>2,213,001</b>
<b>5. Short Term Loans &amp; Advances</b>		
Loans and Advances to Employees and Others	75,000	-
<b>TOTAL</b>	<b>75,000</b>	<b>-</b>
<b>6. Other Current Non financial Assets</b>		
Advances to vendors:	1,155	9,468
<b>TOTAL</b>	<b>1,155</b>	<b>9,468</b>
<b>7. Equity Share Capital</b>		
Authorised Share Capital :		
Equity Shares 75000000 BRL each 1		
<b>TOTAL</b>		
Capital :		
Equity Shares 69460777 BRL each 1	6,269,600	3,989,600
<b>TOTAL</b>	<b>6,269,600</b>	<b>3,989,600</b>
<b>8. Reserves and Surplus</b>		
Surplus in Statement of Profit and Loss		
Balance as per last financial statements (Surplus)	51,583	52,738
Add: Net Profit/(Net Loss) for the year	(1,156,212)	(1,155)
Closing balance (Surplus)	<b>(1,104,629)</b>	<b>51,583</b>
<b>Total Reserves</b>	<b>(1,104,629)</b>	<b>51,583</b>
<b>9. Other Non-current financial liabilities</b>		
Other financial liabilities - Leasehold land obligation	12,487,500	13,162,500
<b>TOTAL</b>	<b>12,487,500</b>	<b>13,162,500</b>
<b>10. Other Current Financial Liabilities</b>		
Accrued liabilities for expenses	456,852	18,786
Loans from Related parties	310,512	
<b>TOTAL</b>	<b>767,364</b>	<b>18,786</b>
<b>11. Other Current Non financial Liabilities</b>		





**Pidilite Chemical PLC**

Notes to financials as at Year ended 31, March 2017.

Particulars	April 16- March 17	April 15- March 16
	BIRR	BIRR
<b>12. Other Income</b>		
<b>Other Non-Operating Income:</b>		
Profit on Foreign Exchange	42,572	193,370
<b>Total</b>	<b>42,572</b>	<b>193,370</b>
<b>13. Employee Benefits Expense</b>		
Salaries and Wages	1,190,487	-
Staff Welfare Expenses	46,431	-
<b>Total</b>	<b>1,236,918</b>	<b>-</b>
<b>14. Finance Costs</b>		
<b>Interest expense on:</b>		
Others	16,875	-
<b>Total</b>	<b>16,875</b>	<b>-</b>
<b>15. Depreciation and Amortization</b>		
Depreciation on tangible assets	1,792	-
<b>Total</b>	<b>1,792</b>	<b>-</b>
<b>16. Other Expenses</b>		
Rent	40,800	10,200
Travelling and Conveyance Expenses	259,078	-
Communication Expenses	36,586	-
Legal, Professional and Consultancy fees	325,993	180,706
Printing and Stationery	-	3,340
Miscellaneous expenses	21,648	280
<b>Total</b>	<b>684,105</b>	<b>194,526</b>



## **Pidilite Chemicals PLC**

### **Notes to the Financial Statements**

**March 31, 2017**

#### **1 Legal Status, Management and Business Activity**

Pidilite Chemicals PLC is a Limited Liability Company incorporated on December 10th 2014.

The Company is formed to carry on manufacturing and trading of adhesives, sealants and construction chemical products.

#### **2 Basis of Preparation of Financial Statements**

These financial statements are prepared on a going concern basis. They are presented in Birr, currency unit of Eithopia.

The financial statements have been prepared under the historical cost convention basis.

Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

#### **Going Concern Assumption**

The retained losses have exceeded its share capital of the Company. The financial statements of the Company are being prepared on a going concern basis as the shareholders have undertaken to provide continued financial support to the Company to meet its capital requirements. The Management has no intention to liquidate or discontinue with its operations. The assets and liabilities are recorded on the basis that the Company will be able to realise its assets and discharge its liabilities in the normal course of business.

#### **3 Summary of Significant Accounting Policies**

##### **Revenue Recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of sales returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria has been met for the Company.

Sale of goods are recognised when the Company sells a product to the customer as control passes to the customer on the day the transaction takes place, in terms of the product being delivered to the customer or the customer accepts the products in accordance with the terms of sale.

##### **Financial Instruments**

Financial assets are recognised when the Company becomes a party to the contractual provision of the financial instrument. Financial assets are derecognised when the contractual rights to receive the cash flows expire or substantially all the risks and rewards of ownership have been transferred. These are stated at cost less impairment losses. These are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets.



Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. The Company derecognises financial liabilities when they are discharged, cancelled or expired. These are stated at cost, or where the impact is material at amortised cost using the effective interest method. These are included in current liabilities, except for maturities greater than 12 months after the balance sheet which are classified as non-current liabilities.

Financial instruments comprise of trade and other receivables, trade and other payable, amounts due to related parties and short term bank borrowings.

### **Cash and Cash Equivalents**

Cash and cash equivalents comprise of cash on hand and banks accounts that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

### **Borrowings**

Borrowings are recognised at the transaction price, including transaction costs. Interest expense is recognised on the basis of the effective interest method and is included in finance cost.

### **Provisions**

Provisions are recognised when the Company has a present obligation as a result of past event and it is probable that the outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of the amount expected to be required to settle the obligation and the risk specific to the obligation.

### **Foreign Currencies Translations**

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of 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 profit or loss.

