

INDEPENDENT AUDITORS' REPORT

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Pidilite Chemicals PLC** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018 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 of the Company in accordance with the accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the relevant law 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 Ind AS 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.

We conducted our audit 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

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Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 Loss 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 dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards generally accepted in India.

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



Ketan Panchmia
Partner
Membership No. 038985

Date : 16-5-2018
Place: Mumbai

Pidilite Chemical PLC

Balance Sheet as at Year ended 31, March 2018

Particulars	Note	April 17- March 18	April 16- March 17
		BIRR	BIRR
ASSETS			
1. Non-current assets			
Property, Plant and Equipment	1	118,049	19,708
Capital work-in-progress	2	16,078,582	16,078,582
		16,196,631	16,098,290
Other Non current Non financial Assets	3	-	30,600
		16,196,631	16,128,890
2. Current Assets			
Financial Assets (Current)			
Trade receivables	4	126,261	
Cash and cash equivalents	5	6,672,265	2,215,342
Loans	6	4,430	75,000
		6,802,956	2,290,342
Other current assets	7	688	1,155
		6,803,644	2,291,497
		23,000,275	18,420,387
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	8	12,532,800	6,269,600
(b) Reserve & Surplus	9	(2,841,471)	(1,104,629)
Total Equity		9,691,328	5,164,971
LIABILITIES			
1. Non-current liabilities			
(a) Financial Liabilities			
Other financial liabilities	10	12,825,000	12,487,500
		12,825,000	12,487,500
2. Current Liabilities			
(a) Financial Liabilities			
Other financial liabilities	11	482,145	767,364
		482,145	767,364
Other current liabilities	12	1,802	552
Current tax liabilities (net)			
		483,947	767,916
Total Liabilities		13,308,947	13,255,416
		23,000,275	18,420,387
TOTAL			

Notes forming part of the Financial Statements

For KHANNA & PANCHMIA
CHARTERED ACCOUNTANTS

Ketan J Panchmia

Ketan J Panchmia
PARTNER
Membership no. 38985

Ullan
For and on behalf of the board
PIDILITE CHEMICAL PLC

Pidilite Chemical PLC

Profit and Loss Account for the Year ended 31, March 2018

Particulars	Note	April 17- March 18	April 16- March 17
		BIRR	BIRR
INCOME			
Other Income	13	235,497	42,572
Total Income		235,497	42,572
EXPENSES			
Employee Benefits Expense	14	2,054,256	1,236,918
Finance Costs	15	16,875	16,875
Depreciation and Amortization Expense	16	16,866	1,792
Other Expenses	17	867,376	684,105
Total Expenses		2,955,372	1,939,690
Reimbursement received		(983,033)	(740,906)
Profit/(loss) before Exceptional Items and Tax		(1,736,842)	(1,156,212)
Profit before Tax		(1,736,842)	(1,156,212)
Tax Expense			
Current Tax		-	-
Deferred Tax		-	-
Net Tax expense		-	-
Profit/(loss) for the year		(1,736,842)	(1,156,212)

Notes forming part of the Financial Statements

For KHANNA & PANCHMIA
CHARTERED ACCOUNTANTS

Ketan J Panchmia

Ketan J Panchmia
PARTNER
Membership no. 38985

Ullas
For and on behalf of the board
PIDILITE CHEMICAL PLC

Pidilite Chemical PLC

Notes to financials as at Year ended 31, March 2018.

Property, plant and equipment Schedule

1 & 2. Property, plant and equipment	Furniture & fixtures	Office equipment	Capital work in progress	Total
Gross Block				
Opening Balance	-	21,500	16,078,582	16,100,082
Additions	87,058	28,149	-	115,207
Disposals/Transfers	-	-	-	-
Translation adjustment	-	-	-	-
Closing Balance	87,058	49,649	16,078,582	16,215,289
Accumulated Depreciation				
Opening Balance	-	1,792	-	1,792
Additions	9,701	7,165	-	16,866
Disposals/Transfers	-	-	-	-
Translation adjustment	-	-	-	-
Closing Balance	9,701	8,957	-	18,658
Net Block	77,357	40,692	16,078,582	16,196,631

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

1 & 2. Property, plant and equipment	Furniture & fixtures	Office equipment	Capital work in progress	Total
Gross Block				
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
Accumulated Depreciation				
Opening Balance	-	-	-	-
Additions	-	1,792	-	1,792
Disposals/Transfers	-	-	-	-
Translation adjustment	-	-	-	-
Closing Balance	-	1,792	-	1,792
Net Block	-	19,708	16,078,582	16,098,290

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Pidilite Chemical PLC

Notes to financials as at Year ended 31, March 2018.

Particulars	As at 31st March 2018	As at 31st March 2017
	BIRR	BIRR
3. Other Non current Non financial Assets		
Prepaid Expenses		30,600
TOTAL	-	30,600
4. Trade receivables		
Receivable from Pidilite Industries Ltd	126,261	
TOTAL	126,261	-
5. Cash and Cash Equivalents		
Cash and Cash Equivalents		
Balance with banks		
In Current Account	6,672,265	2,215,342
TOTAL	6,672,265	2,215,342
6. Short Term Loans & Advances		
Loans and Advances to Employees and Others	4,430	75,000
TOTAL	4,430	75,000
7. Other Current Non financial Assets		
Advances to vendors:	688	1,155
TOTAL	688	1,155
8. Equity Share Capital		
Authorised Share Capital :		
Equity Shares 125,328 each of 100 Birr (Previous year share 62,696 each of 100 Birr)		
TOTAL		
Capital :		
Equity Shares 125,328 each of 100 Birr (Previous year share 62,696 each of 100 Birr)	12,532,800	6,269,600
TOTAL	12,532,800	6,269,600
9. Reserves and Surplus		
Surplus in Statement of Profit and Loss		
Balance as per last financial statements (Surplus)	(1,104,629)	51,583
Add: Net Profit/(Net Loss) for the year	(1,736,842)	(1,156,212)
Closing balance (Surplus)	(2,841,471)	(1,104,629)
Total Reserves	(2,841,471)	(1,104,629)
10. Other Non-current financial liabilities		
Other financial liabilities - Leasehold land obligation	12,825,000	12,487,500
TOTAL	12,825,000	12,487,500
11. Other Current Financial Liabilities		
Accrued liabilities for expenses	482,145	456,852
Loans from Related parties	-	310,512
TOTAL	482,145	767,364
12. Other Current Non financial Liabilities		
Statutory remittances	1,802	552
TOTAL	1,802	552

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Pidilite Chemical PLC

Notes to financials as at Year ended 31, March 2018.

Particulars	April 17- March 18	April 16- March 17
	BIRR	BIRR
13. Other Income		
Other Non-Operating Income:		
Profit on Foreign Exchange	235,497	42,572
Total	235,497	42,572
14. Employee Benefits Expense		
Salaries and Wages	2,054,256	1,190,487
Staff Welfare Expenses		46,431
Total	2,054,256	1,236,918
15. Finance Costs		
Interest expense on:		
Others	16,875	16,875
Total	16,875	16,875
16. Depreciation and Amortization		
Depreciation on tangible assets	16,866	1,792
Total	16,866	1,792
17. Other Expenses		
Rent	239,045	40,800
Travelling and Conveyance Expenses	293,128	259,078
Communication Expenses	72,641	36,586
Legal, Professional and Consultancy fees	201,506	325,993
Transportation	2,000	-
Security exps	6,000	-
Miscellaneous expenses	53,055	21,648
Total	867,376	684,105

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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 activities.

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.

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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.

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Pidilite Chemical PLC
Cash flow statement

Particulars	March -18	March -17
	BIRR	BIRR
Cash from Operations		
Profit/(Loss) After Tax	(1,736,842)	(1,156,212)
Dividend declared out of Reserves		
Net Profit after Tax	(1,736,842)	(1,156,212)
Add: Non cash expenses		
Depreciation \ Amortisation	16,866	1,792
Net cash Profit & loss account	(1,719,977)	(1,154,420)
Movement in Working Capital	28,907	(23,157)
(Increase) \ Decrease in working capital		
(Increase) / Decrease in Inventory		
(Increase) / Decrease in Trade receivable	(126,261)	-
(Increase) / Decrease in Other Current Assets	30,600	(30,600)
(Increase) / Decrease in Loans & Advances	70,570	(75,000)
Increase / (Decrease) in Sundry Creditors	467	8,313
Increase / (Decrease) in Liabilities for expenses	53,531	74,130
Net cash from operating activities	(1,691,070)	(1,177,577)
Cash from Investments		
Purchase of Fixed Assets	(115,207)	(1,100,082)
Sales of Fixed Assets		
Net cash from investment activities	(115,207)	(1,100,082)
Cash from Financing		
Infusion of equity share capital	6,263,200	2,280,000
Net cash from financing activities	6,263,200	2,280,000
Net Inflow \ (Outflow) of cash in business	4,456,923	2,341
Add : Opening cash balance	2,215,342	2,213,001
Closing Cash Balance	6,672,265	2,215,342
Actual cash balance as per books	6,672,265	2,215,342

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