

KHANNA & PANCHMIA

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

**To the Members of
Madhumala Traders Private Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of **Madhumala Traders Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st 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 31st 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.

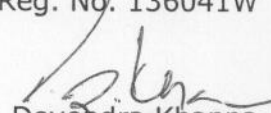


- (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st 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: 11 MAY 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) The Company has no fixed assets and hence maintaining particulars of such assets and physical verification of the same does not arise. Also Company does not have any immovable properties. Accordingly provisions of Clause 3(i) (a),(b) and (c) of the Order are not applicable.
- (ii) According to the information and explanations given to us, the Company does not have any inventory; hence reporting under Clause 3(ii) of the Order is not applicable.
- (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 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 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.



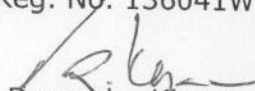
- (ix) In our opinion and according to information and explanation given to us, the Company has not raised any money by way of initial Public Offer or further public offer and term loans during the year. Accordingly, Clause 3(ix) of the Order is not applicable.
- (x) Based upon the audit procedures performed 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: 11 MAY 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 **Madhumala Traders Private 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 adverse 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

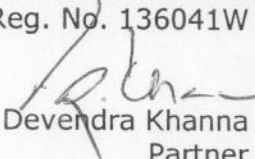
In our opinion, to the best of information and explanations given to us, the Company has, in all materials respects, an adequate internal financial controls system over financial reporting and such financial controls over financial reporting are operating effectively as at March 31, 2016 based on the 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: 11 MAY 2016



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


Devendra Khanna
Partner

Membership No. 038987

MADHUMALA TRADERS PVT. LTD.

Balance Sheet as at 31st March 2016

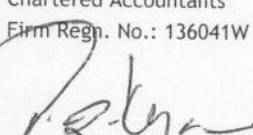
	Notes	₹	31st March, 2016	31st March, 2015
		₹	₹	₹
I. Equity & liabilities				
1. Shareholders' funds				
Share capital	2	100,000		100,000
Reserves and surplus	3	47,994,835		30,770,459
			48,094,835	30,870,459
2. Current liabilities				
Trade payables	4		5,725	5,619
Total			48,100,560	30,876,078
II. Assets				
1. Non-current assets				
Non-current investments	5		48,084,407	30,858,100
2. Current assets				
Cash and bank balances	6	15,313		16,658
Short-term loans and advances	7	840		1,320
			16,153	17,978
Total			48,100,560	30,876,078

Summary of significant accounting policies 1

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

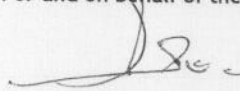
As per our report of even date

For Khanna & Panchmia
Chartered Accountants
Firm Regn. No.: 136041W


Devendra Khanna
Partner
Membership No.: 38987

Mumbai
Dated : 11-May-2016

For and on behalf of the Board



Bhaskar V. Mohan

Directors



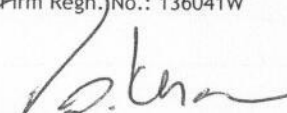
Statement of profit and loss for the year ended 31st March 2016

	Notes	31st March, 2016 ₹	31st March, 2015 ₹
Income			
Other income	8	17,251,307	4,157,210
Total revenue (I)		<u>17,251,307</u>	<u>4,157,210</u>
Expenses			
Other expenses	9	26,931	31,763
Total expenses (II)		<u>26,931</u>	<u>31,763</u>
Profit/(loss) before tax		<u>17,224,376</u>	<u>4,125,447</u>
Tax expense			
Income tax earlier year		-	2,766
Profit/(loss) for the year		<u>17,224,376</u>	<u>4,122,681</u>
Earning per share	10		
Basic		1,722.44	412.27
Diluted		1,722.44	412.27
Summary of significant accounting policies	1		

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

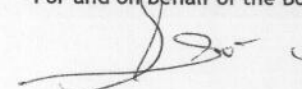
As per our report of even date

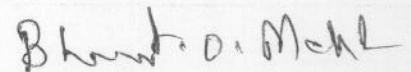
For Khanna & Panchmia
Chartered Accountants
Firm Regn. No.: 136041W


Devendra Khanna
Partner
Membership No.: 38987

Mumbai
Dated : 11-May-2016

For and on behalf of the Board




Bhavendra D. Mehta
Directors



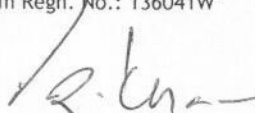
MADHUMALA TRADERS PVT. LTD.

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

	31st March, 2016	31st March, 2015
	₹	₹
Cash flow from operating activities		
Profit/(loss) before tax	17,224,376	4,122,681
Non-cash adjustment to reconcile profit before tax to net cash flows		
Dividend income	-	-
Operating profit/(loss) before working capital changes	17,224,376	4,122,681
Movements in working capital:		
Increase/(decrease) in trade payables	106	-
Increase/(decrease) in other current liabilities	-	-
Decrease/(increase) in short-term loans and advances	480	1,825
Cash generated from Operations	17,224,962	4,124,506
Extraordinary items	-	-
Net Cash from Operating Activities (A)	17,224,962	4,124,506
Cash flows from investing activities		
(Increase) /decrease in investments	(17,226,307)	(4,142,210)
Dividend received	-	-
Net cash flow from/(used in) investing activities (B)	(17,226,307)	(4,142,210)
Cash flow from financing activities		
Proceeds from/(repayment of) short-term borrowings	-	-
Net cash flow from/(used in) financing activities (C)	-	-
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(1,345)	(17,704)
Cash and cash equivalents at the beginning of the year	16,658	34,362
Cash and cash equivalents at the end of the year	15,313	16,658
Components of cash and cash equivalents		
Cash on hand	142	142
Balances with banks - on current account	15,171	16,516
Total cash and cash equivalents (Note 7)	15,313	16,658
Summary of significant accounting policies	1	

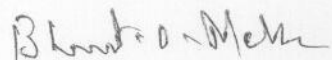
As per our report of even date

For Khanna & Panchmia
Chartered Accountants
Firm Regn. No.: 136041W


Devendra Khanna
Partner
Membership No.: 38987

Mumbai
Dated : 11-May-2016

For and on behalf of the Board

Directors



Notes to the financial statements for the year ended 31st March 2016

Note 1 Corporate Information

The Company was incorporated in 1989 and is engaged in investment activity.

Note 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") as applicable. 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 the financial statements are consistent with those followed in the previous year.

2.2 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 the current events and actions, future results could differ due to these estimates and differences between the actual results and the estimates are recognised in the periods in which the results are known /materialised.

2.3 Investment is stated at cost.

2.4 Taxation

Accounting for Taxes on Income

Income tax expense comprises current tax (i.e. Amount of tax for the period determined in accordance with the income tax law), deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

Current tax expense is recognised on an annual basis under the taxes payable method, based on the estimated tax liability computed after taking credit for allowances and exemption in accordance with the Income Tax Act, 1961. In case of matters under appeal due to disallowance or otherwise, full provision is made when said liabilities are accepted by the Company.

4

Deferred Taxation

The deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallize. Deferred tax assets are recognized and carried forward only if there is a virtual/reasonable certainty that they will be realized and are reviewed for appropriate of their respective carrying values at each balance sheet date.

2.5 Provisions and contingencies


The Company creates a provision when there is a present obligation as a result of a past event and it is probable that an outflow of resources would be required to settle the obligation, and in respect of which a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimates required to settle the obligation at the balance sheet date.

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes.

Contingent assets are neither recognised nor disclosed in the financial statements.

2.6 Earnings per Share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 - Earnings Per Share. Basic earnings per share is computed by dividing the net profit attributable to the equity shareholder by weighted average number of equity shares outstanding during the reporting year.



MADHUMALA TRADERS PVT. LTD.

Notes to the financial statements for the year ended 31st March 2016

		31st March, 2016	31st March, 2015
	₹	₹	₹
Note 2			
Share Capital			
Authorised			
10,000 (10,000) equity shares of ₹ 10 each (₹ 10 each)		100,000	100,000
Issued, subscribed and paid-up shares			
10,000 (10,000) equity shares of ₹ 10 each (₹ 10 each)		100,000	100,000
		<u>100,000</u>	<u>100,000</u>
a. Shares held by holding company			
Pidilite Industries Limited		100,000	100,000
10,000 (10,000) equity shares of ₹ 10 each (₹ 10 each)			
b. Shareholders holding 5% or more of total shares		No. of Share held	No. of Share held
Pidilite Industries Limited		10,000	10,000
% of Holding		100%	100%
c. There is no change in the number of shares outstanding at the beginning and at the end of the year.			
Note 3			
Reserves and surplus			
General reserve		11,100	11,100
(As per Last Balance Sheet)			
Surplus/(deficit) in the statement of profit & loss			
Balance as per last financial statement	30,759,359		26,636,678
Add: Profit for the year	17,224,376		4,122,681
Net surplus/(deficit) in the statement of profit & loss		<u>47,983,735</u>	<u>30,759,359</u>
		<u>47,994,835</u>	<u>30,770,459</u>

MADHUMALA TRADERS PVT. LTD.

Notes to the financial statements for the year ended 31st March 2016

	31st March, 2016	31st March, 2015
	₹	₹
Note 4		
Current Liabilities		
Trade Payables	5,725	5,619
(Other than Micro, Small and Medium Enterprises)		
	<u>5,725</u>	<u>5,619</u>
Note 5		
Non-current investments		
Details of investments in partnership firm		
Capital account	5,000,000	5,000,000
Current account	43,084,407	25,858,100
	<u>48,084,407</u>	<u>30,858,100</u>
Name of the firm - M/s. Nitin Enterprises		
Name of partner & Share in Capital		
Bhimad Commercial Company Pvt. Ltd.	50.00	50.00
Madhumala Traders Pvt. Ltd.	50.00	50.00
Total	100.00	100.00
Total Capital of the firm	10,000,000	10,000,000
	<u>10,000,000</u>	<u>10,000,000</u>
Note 6		
Cash and bank balances		
Cash & cash equivalents		
Balances with banks		
In current accounts	15,171	16,516
Cash on hand	142	142
	<u>15,313</u>	<u>16,658</u>

MADHUMALA TRADERS PVT. LTD.

Notes to the financial statements for the year ended 31st March 2016

	31st March, 2016	31st March, 2015
	₹	₹
Note 7		
Short-term loans and advances		
Other loans and advances		
Prepaid expenses	840	1,320
	<u>840</u>	<u>1,320</u>
Note 8		
Other income		
Share in profit from partnership firm	17,251,307	4,157,210
	<u>17,251,307</u>	<u>4,157,210</u>
Note 9		
Other expenses		
Bank charges	-	11,330
Profession tax	2,500	2,500
Payments to auditors'		
As Auditor	5,725	5,618
Professional fees	14,027	7,584
Miscellaneous expenses	4,679	4,731
	<u>26,931</u>	<u>31,763</u>
Note 10		
Earnings per share		
Computation for both basic and diluted earnings per share of ₹ 10/- each (previous year Rs. 10/- each):		
a. Profit as per statement of profit & loss available for equity shareholders	17,224,376	4,122,681
b. Number of equity shares for basic and diluted earnings per share computation	10,000	10,000
c. Basic and diluted earnings per share (₹)	1,722.44	412.27
Note 11		
Related party disclosure:		
i. Name of related parties and relationship		
Pidilite Industries Ltd. - Holds 100% of equity shares of company		
Nitin Enterprises - A firm in which Company is a Partner (Refer Note 5 & 8)		
ii. Other Directors -		
Sarva Shri P.C. Patel, P.K.Kansal, B.O.Mehta		
iii. There were no transactions with related party during the year		

Note 12

Income Tax

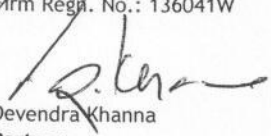
Income earned by the company is not liable to tax hence no provision for income tax has been made.

Note 13

Previous year's figures have been regrouped wherever necessary.

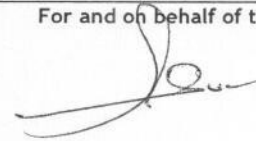
As per our report of even date

For Khanna & Panchmia
Chartered Accountants
Firm Regn. No.: 136041W


Devendra Khanna
Partner
Membership No.: 38987

Mumbai
Dated : 11-May-2016

For and on behalf of the Board



Bhramo D. Mehta
Directors

