

INDEPENDENT AUDITORS' REPORT

AND

FINANCIAL STATEMENTS

OF

PIDILITE SPECIALITY CHEMICALS BANGLADESH PRIVATE LTD.

AS AT AND FOR THE YEAR ENDED 31 MARCH 2016



AHMED MASHUQUE & CO. *Chartered Accountants.*

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Independent Auditors' Report
to
The Shareholders
of
Pidilite Speciality Chemicals Bangladesh Private Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of Pidilite Speciality Chemicals Bangladesh Private Ltd., which comprise the statement of financial position as at 31 March 2016, and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with the 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 disclosures in the financial statements. The procedures selected depend on the auditors' 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 control relevant to the entity's preparation and fair presentation of the financial statements 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 made by the management, 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 unqualified audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Pidilite Speciality Chemicals Bangladesh Private Ltd. as at 31 March 2016, and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994 we also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books; and
- c) the company's statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

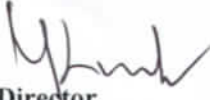
Dated, 1-0 MAY 2016
Dhaka


Ahmed Mashuque & Co.
Chartered Accountants

Pidilite Speciality Chemicals Bangladesh Private Ltd.
Statement of financial position
As at 31 March 2016

	Notes	Amount in Taka	
		31-Mar-16	31-Mar-15
Assets			
Property, plant and equipment	5	221,036,310	228,325,147
Capital work-in-progress	6	15,540,283	11,120,334
Non current assets		236,576,593	239,445,481
Inventories	7	140,838,898	93,709,199
Accounts receivable	8	90,460,867	38,596,393
Investment in FDR		150,000,000	80,000,000
Cash and bank balances	9	12,902,119	18,799,369
Advances, deposits and prepayments	10	23,526,061	24,375,458
Advance income tax	11	29,157,344	29,913,135
Interest receivable		221,363	406,215
Current assets		447,106,652	285,799,768
Total assets		683,683,245	525,245,249
Equity and liabilities			
Equity			
Share capital	12	352,677,300	352,677,300
Share money deposits	13	17,337	17,337
Retained earnings		165,748,215	62,496,540
Total equity		518,442,852	415,191,177
Liabilities			
Deferred tax liabilities	14	29,986,574	28,269,914
Non current liabilities		29,986,574	28,269,914
Employee benefits expenses payable	15	15,962,565	11,593,502
Provision for expenses	16	21,815,024	18,631,905
Provision for income tax	17	53,057,936	18,579,814
Accounts payables	18	44,418,294	32,978,937
Current liabilities		135,253,819	81,784,158
Total liabilities		165,240,393	110,054,072
Total equity and liabilities		683,683,245	525,245,249

These financial statements should be read in conjunction with the annexed notes.


 Director


 Director


 Head of Finance

Signed in terms of our separate report of even date annexed

Dated, **1-0 MAY 2016**
 Dhaka

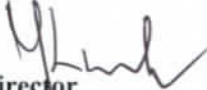



 Ahmed Mashuque & Co.
 Chartered Accountants

Pidilite Speciality Chemicals Bangladesh Private Ltd.
Statement of profit or loss and other comprehensive income
For the year ended 31 March 2016

	Notes	Amount in Taka	
		2015-2016	2014-2015
Income			
Sales - net of VAT	19	858,150,910	539,418,283
Other income	20	2,925,059	1,782,599
		861,075,969	541,200,882
Less: Expenditure			
Cost of materials	21	463,095,320	333,226,737
Operating expenses	22	14,426,483	12,203,034
Administrative expenses	23	29,479,763	16,429,424
Selling and distribution expenses	24	89,837,267	35,222,275
Employee benefits expenses	25	80,289,569	48,933,345
Depreciation		28,462,675	27,061,678
		705,591,077	473,076,492
Operating profit for the year		155,484,892	68,124,390
Add: Interest income		2,414,705	3,118,675
Less: Interest on overdraft		11,671	75,963
Profit before income tax for the year		157,887,926	71,167,102
Less: Income tax expense			
Current tax		52,919,591	18,450,559
Deferred tax		1,716,660	15,638,564
		54,636,251	34,089,123
Net profit after income tax for the year		103,251,675	37,077,979
(Transferred to statement of changes in equity)			

These financial statements should be read in conjunction with the annexed notes.


Director


Director


Head of Finance

Signed in terms of our separate report of even date annexed

Dated, 10 MAY 2016
Dhaka


Ahmed Mashuque & Co.
Chartered Accountants



Pidilite Speciality Chemicals Bangladesh Private Ltd.
Statement of changes in equity
For the year ended 31 March 2016

Particulars	<i>Amount in Taka</i>			
	Share capital	Share money deposits	Retained earnings	Total
Balance as at 01 April 2014	352,677,300	17,337	25,418,561	378,113,198
Addition during the year	-	-	37,077,979	37,077,979
Balance as at 31 March 2015	352,677,300	17,337	62,496,540	415,191,177
Balance as at 01 April 2015	352,677,300	17,337	62,496,540	415,191,177
Addition during the year	-	-	103,251,675	103,251,675
Balance as at 31 March 2016	352,677,300	17,337	165,748,215	518,442,852

These financial statements should be read in conjunction with the annexed notes.


 Director


 Director


 Head of Finance

Signed in terms of our separate report of even date annexed

Dated, 10 MAY 2016
 Dhaka


 Ahmed Mashuque & Co.
 Chartered Accountants



Pidilite Speciality Chemicals Bangladesh Private Ltd.
Statement of cash flows
For the year ended 31 March 2016

	Amount in Taka	
	2015-2016	2014-2015
A. Cash flows from operating activities		
Collection from sales	808,907,926	536,304,093
Payment to suppliers	(498,785,663)	(350,785,630)
Payment for expenses	(205,631,503)	(115,285,008)
Income tax paid	(17,685,678)	(12,159,661)
Net cash generated from operating activities	86,805,082	58,073,793
B. Cash flows from investing activities:		
Acquisition of fixed assets	(21,208,269)	(1,953,495)
Proceeds from sale of fixed assets	338,000	255,000
Investment in FDR	(70,000,000)	(35,000,000)
Interest received	2,599,557	3,331,121
Capital work-in-progress	(4,419,949)	(10,376,911)
Net cash used in investing activities	(92,690,660)	(43,744,285)
C. Cash flows from financing activities:		
Interest paid	(11,671)	(75,963)
Net cash used in financing activities	(11,671)	(75,963)
Net changes in cash and bank balances (A+B+C)	(5,897,250)	14,253,546
Add: Cash and bank balances at the beginning of the year	18,799,369	4,545,823
Cash and bank balances at the end of the year	12,902,119	18,799,369

These financial statements should be read in conjunction with the annexed notes.


Director


Director


Head of Finance

Signed in terms of our separate report of even date annexed

Dated, 10 MAY 2016
Dhaka


Ahmed Mashuque & Co.
Chartered Accountants



Pidilite Speciality Chemicals Bangladesh Private Ltd.
Notes, comprising a summary of significant accounting policies and other explanatory information
As at and for the year ended 31 March 2016

1 Company profile

1.01 Legal form

Pidilite Speciality Chemicals Bangladesh Private Ltd. incorporated in Bangladesh as a private limited company on 29th December 2005 having registered office at House #167, Road #3, New DOHS, Mohakhali, Dhaka vide registration no. C-60121 (2129)/05.

1.02 Nature of business

The objectives of the Company include manufacturing and marketing of all kinds of dyes and other coloring materials, chemicals and chemical compounds, adhesives, etc and selling those in Bangladesh as well as exporting to other countries. The company commenced its commercial production from October 2009. Besides, the company is also engaged in commercial import and trading of adhesives, coloring materials and allied products since December 2012.

2 Basis of preparation

2.01 Statement of compliance

The financial statements have been prepared in compliance with Bangladesh Financial Reporting Standards (BFRS) and the requirements of the Companies Act, 1994 and other relevant local laws and regulations as applicable. BFRS comprise of

- Bangladesh Financial Reporting Standards (BFRS);
- Bangladesh Accounting Standards (BAS); and
- Interpretations.

2.02 Reporting period

The financial year of the company has been determined to be from 01 April to 31 March each year. These financial statements cover period from 01 April 2015 to 31 March 2016 consistently.

2.03 Basis of accounting

The financial statements have been prepared under the accrual basis of accounting.

2.04 Going concern

As per management assessment the company had adequate resources to continue in operation for foreseeable future and there is no material uncertainties related to event on conditions which may cast significant doubt upon the company's ability to continue as going concern, and hence, the financial statements have been prepared on going concern basis.

2.05 Basis of measurement

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

2.06 Use of estimates and judgments

The preparation of the financial statements in conformity with Bangladesh Financial Reporting Standards (BFRSs) requires management to make judgment, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual result may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.



Judgements

Information about judgments made in applying accounting policies that have most significant effect on the amount recognized in the financial statements is included in the following notes:

- Note 3.01 Property, plant and equipment
- Note 3.02 Inventories

Assumption and estimation uncertainties

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year is included in the following notes:

- Note - 15 Employee benefits expenses payable
- Note - 16 Provision for expenses
- Note - 17 Provision for income tax
- Note - 18 Accounts payables

2.07 Functional and presentation currency

These financial statements are presented in Bangladesh currencies(Taka), which is both functional currency and presentation currency of the company. All amount have been rounded off to the nearest Taka unless otherwise indicated.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.01 Property, plant and equipment

a) Recognition and measurement

Property, plant and equipment are stated at cost net of accumulated depreciation. Cost of an item of property, plant and equipment comprises its net purchase price after deducting trade discount and rebates, import duties, non refundable taxes and any cost that are directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the intended manner.

b) Subsequent cost

The cost of replacing component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits are embodied within the component will flow to the company and its cost can be measured reliably. The costs of the day to day servicing of property, plant and equipment are recognized in the statement of comprehensive income as incurred.

c) Depreciation

Depreciation on assets is charged from the month in which the asset is brought into use irrespective the date of acquisition under straight-line basis at the following rates:

<u>Assets Category</u>	<u>Rate</u>
Machinery and Equipment	10%
Factory buildings	5%
Vehicles	20%
Computers	30%
Furniture & Fixtures	10%
Mechanical Office Equipment	10%
Laboratory Equipment	10%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.



d) Disposal

On disposal of property, plant and equipment, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the statement of profit or loss and other comprehensive income, which is determined with reference to the net book value of the assets and net sales proceeds.

3.02 Inventories

Inventories are valued in accordance with BAS-2 : *Inventories* at lower of cost and net realizable value. Cost is determined at weighted average method. The cost of raw, packing and semi finished goods comprises of expenditure incurred in the normal course of business in bringing these items to their present location and condition. The cost of finished goods comprises of cost of raw materials, direct labor and production related overheads (based on normal capacity). Net realizable value is based on estimated selling price less any further costs expected to be incurred to make the sales.

3.03 Consideration on credit risk

Management believes that there is no significant consideration of credit risk in the accounts receivable.

3.04 Provisions

A provision is recognised in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the statement of financial position date.

3.05 Taxation

Income tax expenses comprises current and deferred tax . Current tax and deferred tax is recognised in profit or loss except to the extent that its relates to items recognised directly in equity in which case it is recognized in equity.

Current tax

As per SRO no 172 - Law/Income Tax/2009 dated 30 June 2009, the company is entitled to pay tax at the reduced rate on income of manufacturing operations, prescribed in the said SRO, and accordingly Pidilite Speciality Chemicals Bangladesh Private Ltd. is enjoying this benefit from the assessment year 2010-2011. This benefit was ceased on 30 September 2014. However, during the year ended 31 March 2016 applicable income tax rate on income of manufacturing operations was 35%. Further, income tax on other income, interest income and income from trading of imported goods has been recognized as per the Income Tax Ordinance, 1984.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purpose and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that effects neither accounting nor taxable profit or loss.
- temporary differences related to investment in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future, and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.



Deferred tax assets and liabilities are offset if there is legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.06 Revenue recognition

(a) Sales of goods

Sales are recognized after confirmation of delivery to the buyer's, when risk and reward of ownership of goods are transferred to the buyer. Sales are stated net of returns and excluding VAT.

(b) Interest income

Interest income is recognized on accrual basis.

3.07 Statement of cash flows

Statement of cash flows is prepared in accordance with BAS-7 : *Cash Flow Statement* under direct method.

3.08 Employees' benefit schemes

The company maintains defined contribution plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective deeds.

(a) Defined contribution plan (provident fund)

The Company operates contributory provident fund for all its permanent employees, which is a defined contribution plan. The provident fund is administered by the Board of Trustee and is funded by contributions from employees and from the company @ 8.33% of the basic pay. These contributions are invested separately from the Company's business. This fund is recognized by National Board of Revenue.

(b) Employees' Retirement Gratuity

The company provides retirement benefit in the form of gratuity determined by reference to employees' earnings and years of service to each eligible employees at the time of retirement/separation. However, the provision has been made in respect of all eligible employees and reflected in these accompanying financial statements. At the time of separation, the liability to each employee is settled in cash. Actuary valuation of the gratuity plan is carried out by a professional actuary.

(c) Workers' profit participation fund (WPPF)

The Company provides 5% of its profit before charging such expense as WPPF in accordance with the Bangladesh Labour Act, 2006.

(d) Insurance Scheme

The company has a group life and hospitalisation insurance scheme for its permanent employees, premium for which is being charged to Statement of profit or loss and other comprehensive income annually as per the insurance policy.

(e) Leave encashment

Permanent employees of the company are entitled to receive leave encashment on unavailed earned leave at the time of retirement/separation.



3.09 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The company initially recognises receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the date at which the company becomes a party to the contractual provisions of the transaction.

The company derecognises a financial asset when the contractual rights or probabilities of receiving the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The company classifies financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

- **Accounts receivable**

Accounts receivable is stated net of provisions, if any.

- **Cash and bank balances**

Cash and bank balances consist cash in hand, bank deposits, which were held and available for use of the company without any restriction.

- **Investment in FDR**

The company has the positive intent and ability to hold FDR to maturity, and such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Financial liability

The company initially recognises all financial liabilities on the transaction date at which the company becomes a party to the contractual provisions of the liability.

The company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

- **Trade and other payables**

Trade and other payables and other financial liabilities are recognized when contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the company of resources embodying economic benefits.

3.10 Interest income and expenses

Interest income comprises interest income on investment in FDR. Interest expenses comprise interest expense on borrowings from bank.

3.11 Offsetting

Financial assets and liabilities are offset and net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amounts and the company intends to either to settle on the net basis, or to realize the assets and to settle the liabilities simultaneously.



3.12 Materiality and aggregation

Each material class of similar items present separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

3.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net off any tax effects.

Paid up capital represents total amount of shareholders capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time.

3.14 Earning per share

The Company calculates its earnings per share in accordance with BAS 33: *Earning per share*.

Basic earnings

This represents earnings for the year attributable to ordinary shareholders. As there were no preference shares requiring returns or dividends, minority interest or extraordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

Basic earnings per share

This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share

No diluted EPS is required to be calculated for the year as there was no scope for dilution during the year under review.

3.15 Events after the reporting date

In accordance with BAS 10: *Events after the reporting period*, amount recognized in the financial statements are adjusted for event after the reporting period that provide additional evidence of conditions that existed at the end of the reporting period. No adjustment is given in the financial statements for event after the reporting period that are indicative of conditions that arose after the reporting period. Material non-adjusting events are disclosed in the financial statements.

3.16 Transactions in foreign currencies

Transactions denominated in foreign currencies are translated into Bangladesh taka at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Bangladesh taka at the exchange rates ruling at the statement of financial position date. Non monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into Bangladesh taka at the exchange rate ruling at the date of the transaction. Foreign exchange differences arising on translation are recognized in the statement of profit or loss and other comprehensive income.

4 Comparative

Comparative figures have been regrouped /reclassified wherever found necessary to conform to the presentation adopted in these financial statements.



5 Property, plant and equipment

Asset Category	Gross Block (Cost)						Depreciation				Amount in Taka Net Block at 31 March 2016
	As at 01 April 2015	Addition during the year	Disposal/ Adjustment	As at 31 March 2016	As at 01 April 2015	Charged during the year	Disposal/ Adjustment	As at 31 March 2016			
Freehold land	22,230,000	-	-	22,230,000	-	-	-	-	22,230,000		
Factory buildings	110,398,796	964,416	-	111,363,212	24,987,623	5,567,895	-	30,555,518	80,807,695		
Vehicles	1,720,000	-	870,000	850,000	1,694,000	10,000	854,000	850,000	-		
Machinery and equipment	193,326,497	17,418,126	-	210,744,623	83,651,909	20,501,475	-	104,153,384	106,591,239		
Computers	4,587,218	836,267	43,368	5,380,117	3,879,829	615,357	24,937	4,470,249	909,868		
Furniture and fixtures	5,793,584	1,449,819	-	7,243,403	2,154,141	627,686	-	2,781,827	4,461,576		
Mechanical office equipment	2,994,784	539,640	-	3,534,424	1,227,669	323,013	-	1,550,682	1,983,742		
Laboratory equipment	8,172,494	-	-	8,172,494	3,303,056	817,249	-	4,120,305	4,052,189		
As at 31 March 2016	349,223,373	21,208,269	913,368	369,518,274	120,898,226	28,462,675	878,937	148,481,964	221,036,310		

Asset Category	Gross Block (Cost)						Depreciation				Net Block at 31 March 2015
	As at 01 April 2014	Addition during the year	Disposal/ Adjustment	As at 31 March 2015	As at 01 April 2014	Charged during the year	Disposal/ Adjustment	As at 31 March 2015			
Freehold land	22,230,000	-	-	22,230,000	-	-	-	-	22,230,000		
Factory buildings	110,398,796	-	-	110,398,796	19,468,528	5,519,095	-	24,987,623	85,411,173		
Vehicles	2,638,800	-	918,800	1,720,000	2,342,920	269,880	918,800	1,694,000	26,000		
Machinery and equipment	191,746,390	1,580,107	-	193,326,497	64,648,975	19,002,934	-	83,651,909	109,674,588		
Computers	4,456,161	131,057	-	4,587,218	3,293,021	586,808	-	3,879,829	707,390		
Furniture and fixtures	5,640,945	152,639	-	5,793,584	1,582,492	571,649	-	2,154,141	3,639,442		
Mechanical office equipment	2,905,092	89,692	-	2,994,784	933,605	294,064	-	1,227,669	1,767,115		
Laboratory equipment	8,172,494	-	-	8,172,494	2,485,808	817,248	-	3,303,056	4,869,439		
As at 31 March 2015	348,188,678	1,953,495	918,800	349,223,373	94,755,348	27,061,678	918,800	120,898,226	228,325,147		



	Amount in Taka	
	31-Mar-16	31-Mar-15
6 Capital work-in-progress		
Machinery and equipment	14,994,481	10,420,509
Computers	-	112,320
Furniture and fixtures	-	337,505
Land	295,802	-
Software	250,000	250,000
	15,540,283	11,120,334
These expenditures will be capitalized and recognized as operating assets upon completion of the acquisition process or construction, where applicable and physical possession thereof.		
7 Inventories		
Raw materials	40,948,753	28,299,628
Packing materials	9,720,233	7,873,438
Work in progress	1,132,164	831,384
Manufactured finished goods	43,578,435	24,347,704
Imported finished goods	25,496,391	25,364,692
Imported raw material in transit	3,596,333	1,446,400
Imported finished goods in transit	17,520,627	6,080,954
Provision for damage goods	(1,154,039)	(535,002)
	140,838,898	93,709,199
8 Accounts receivable		
Secured accounts receivable	90,054,457	38,596,393
Unsecured accounts receivable	630,877	-
Provision for bad debts	(224,467)	-
	90,460,867	38,596,393
9 Cash and bank balances		
Cash in hand	118,861	56,791
Cash at bank:		
The Hongkong and Shanghai Banking Corporation Limited	361,316	1,226,321
Standard Chartered	10,946,570	-
Citibank N.A	1,475,372	17,516,257
	12,902,119	18,799,369
10 Advances, deposits and prepayments		
Advances		
Advance against service	45,771	45,771
Advance to employees	593,330	889,163
Advance to supplier	2,779,926	4,094,470
VAT current account	11,076,705	9,259,932
Deposits		
Time deposit (Note # 10.01)	554,856	926,004
Import deposit	1,717,956	552,062
Prepayments		
Office rent	423,000	1,049,500
Warehouse rent	1,687,500	3,622,260
Insurance	3,179,179	2,718,326
Other prepaid and deferred expense for materials	1,467,838	1,217,971
	23,526,061	24,375,458

	Amount in Taka	
	31-Mar-16	31-Mar-15
10.01 Time deposit		
Security deposit to Titas Gas T&D Co. Ltd.	294,856	287,844
Security deposit to Dhaka Electric Supply Authority (DESA)	240,000	240,000
Security deposit for warehouse rent	-	398,160
Security deposit to Linde BD.	20,000	-
	554,856	926,004
11 Advance income tax		
Opening balance	29,913,135	24,398,756
Addition during the year	17,685,678	12,159,661
Adjustment during the year	(18,441,469)	(6,645,282)
	29,157,344	29,913,135
12 Share capital		
Authorized		
50,00,000 ordinary shares of Taka 100 each	500,000,000	500,000,000
Issued, subscribed and paid-up		
3,526,773 ordinary shares of Taka 100 each	352,677,300	352,677,300
Shareholding position of the company is as follows :		
Pidilite International Pte. Ltd (Singapore)	349,150,500	349,150,500
Pidilite Middle East Ltd (United Arab Emirates)	3,526,800	3,526,800
	352,677,300	352,677,300
13 Share money deposits		
Pidilite International Pte. Ltd (Singapore)	57	57
Pidilite Middle East Ltd (United Arab Emirates)	17,280	17,280
	17,337	17,337
14 Deferred tax liabilities		

Deferred tax has been recognised and measured in accordance with the provision of BAS 12, Income taxes.

Deferred tax arrived at as follows:

	Carrying amount as at 31 March 2016	Tax base as at 31 March 2016	Taxable/ (deductible) Temporary difference
Property, plant and equipment			
Factory buildings	79,891,234	30,545,129	49,346,104
Vehicles	-	228,074	(228,074)
Machinery and equipment	106,515,026	71,232,088	35,282,938
Computers	749,627	1,164,647	(415,020)
Furniture and fixtures	4,368,429	4,602,475	(234,046)
Mechanical office equipment	1,873,762	1,350,315	523,447
Laboratory equipment	4,052,189	2,427,146	1,625,044
	197,450,267	111,549,874	85,900,393
Provision for doubtful debts	(224,467)	-	(224,467)
Net temporary difference			85,675,926
Tax rate			35%
Deferred tax liability/ expense on temporary difference			29,986,574
Change in deferred tax assets and liability			
Opening balance		28,269,914	12,631,349
Provision made during the year		1,716,660	15,638,565
		29,986,574	28,269,914



	Amount in Taka	
	31-Mar-16	31-Mar-15
15 Employee benefits expenses payable		
Employees' Retirement Gratuity (Note # 15.01)	-	5,725,779
Workers' Profit Participation and Welfare Fund	7,894,396	3,558,355
Wages	288,758	305,752
Salary allowances	7,779,411	2,003,616
	15,962,565	11,593,502
15.01 Employees' Retirement Gratuity		
Present value of defined benefit obligation	10,961,801	5,725,779
Fair value of plan assets	(10,961,801)	-
	-	5,725,779
Movement in the present value of the defined benefit obligation are as follows		
Opening balance	5,725,779	4,244,327
Current service cost	655,345	462,504
Interest cost	670,396	554,195
Actuarial loss	2,139,623	464,753
Benefits paid during the year	-	-
Acquisition/Business combination	1,770,658	-
	10,961,801	5,725,779
Movement in the fair value of the plan assets are as follows		
Opening balance	-	-
Contributions from employer	5,725,779	-
Return on plan assets	75,114	-
Benefits paid during the year	3,390,250	-
Inter group transfer	1,770,658	-
	10,961,801	-
Assumptions employed for the valuations are as follows	%	%
Expected rate of salary increase	9.00	7.00
Discount rate	11.40	12.40
16 Provision for expenses		
Withholding tax & VAT payable	318,757	201,768
Royalties	-	-
Electricity - factory	116,095	117,027
Gas bill - factory	50,571	45,062
Cleaning expenses-factory	25,520	21,660
Selling and distribution expenses	19,094,789	16,581,112
Travelling and conveyance	1,165,313	615,560
Warehouse rent	-	184,210
Audit fees	144,200	144,200
Professional fees	359,307	160,000
Consumables for lab	111,262	78,334
Security service	103,778	197,760
Liability for other expenses	325,432	285,212
	21,815,024	18,631,905



	Amount in Taka	
	31-Mar-16	31-Mar-15
17 Provision for income tax		
Opening balance	18,579,814	6,774,537
Provision made during the year	52,919,591	18,450,559
Adjustment during the year	(18,441,469)	(6,645,282)
	53,057,936	18,579,814
18 Accounts payables		
Ahmed Mashuque & Co.	46,300	143,750
Ahk Rent-A-Car	-	51,600
Accurate Business Promotion Ltd.	-	270,167
Akram Chemical Traders	50,043	-
Care Packages Industry	730,467	384,560
Creative Packaging Industry	1,085,618	644,492
Dhaka Metal Box	367,104	-
Fair Deal	258,915	422,317
G.Mamuji Packaging Industries Pvt. Ltd.	479,985	-
Ghorashal Multilayer Plastic Packaging Ltd.	278,874	219,650
Ghorashal Containers Ltd.	169,151	-
Haque & Company (Drycell) Ltd.	-	39,475
Henan Harvest International Co., Ltd.	3,335,183	8,527,728
I R Limited	2,656,260	1,961,630
J. M. Enterprise	-	59,180
Juthi Enterprise	253,701	771,339
Jhumur Plastic Printing Plant	-	15,595
K. S. Printing & Packaging	37,260	-
Link3 Technologies Ltd.	36,075	24,000
Masud Glass House	106,211	-
Mehedi Enterprise	-	49,450
Movilink	317,600	700,596
One Travels	-	138,824
Pragati Insurance Ltd.	85,735	487,796
Pidilite Industries Ltd.	33,298,576	16,464,585
Padma Lamitube Ltd.	380,731	432,810
Padma Cans And Closures Ltd.	272,568	590,386
Q Pail Limited	-	320,908
RAK Security Service	29,843	-
Ruhani International Agency Ltd.	8,471	35,500
Rupali Rent-A-Car	49,450	-
S. P. Enterprise	-	83,145
S. R. Parcel Service Ltd.	3,839	-
Z. R. Enterprise	80,335	139,454
	44,418,294	32,978,937



	Amount in taka	
	2015-2016	2014-2015
19 Sales - net of VAT		
Local Sales	652,152,498	436,512,291
Export sales	3,265,385	1,325,279
Sale of imported finished goods	202,733,026	101,580,713
	858,150,910	539,418,283
20 Other Income		
Gain on sale of assets	303,569	255,000
Sale of scrap	2,621,490	1,527,599
	2,925,059	1,782,599
21 Cost of materials		
Raw materials consumed (Note 21.01)	226,436,696	196,330,871
Packing materials consumed (Note 21.02)	105,640,984	70,922,194
Cost of imported finished goods (Note 21.03)	150,549,152	77,976,973
Opening work-in-progress	831,384	855,786
Opening finished goods	24,347,704	12,320,001
Closing work-in-progress	(1,132,164)	(831,384)
Closing finished goods	(43,578,435)	(24,347,704)
Cost of production	463,095,320	333,226,737
21.01 Raw materials consumed		
Opening stock	28,299,628	38,188,827
Add: Purchase during the year	239,085,821	186,441,671
Less: Closing stock	40,948,753	28,299,628
	226,436,696	196,330,871
21.02 Packing materials consumed		
Opening stock	7,873,438	6,536,530
Add: Purchase during the year	107,487,779	72,259,103
Less: Closing stock	9,720,233	7,873,438
	105,640,984	70,922,194
21.03 Cost of imported finished goods		
Opening stock	25,364,692	15,886,215
Add: Purchase during the year	150,680,850	87,455,450
Less: Closing stock	25,496,391	25,364,692
	150,549,152	77,976,973
22 Operating expenses		
Travelling and conveyance	158,700	178,080
Rent others - bus rental	1,686,725	1,487,197
Repairs and maintenance	1,583,983	1,108,723
Consumable materials	1,411,198	1,092,081
Conventions, seminars and company meetings expense	207,311	145,577
Fuel and petrol	659,408	665,663
Stationery and office supplies	201,763	216,556
Security service charges	1,240,987	1,186,560
Cleaning expenses	331,331	269,782
Telephone and fax	148,171	147,500
Internet expenses	145,926	133,176
Electricity charges	2,465,262	1,811,758
Gas charges	491,936	450,940
Entertainment	580,354	463,027
Insurance	2,928,803	2,705,195
Testing & certification expenses	46,025	53,360
Office maintenance & supplies	138,600	87,859
	14,426,483	12,203,034

	Amount in taka	
	2015-2016	2014-2015
23 Administrative expenses		
Business interruption insurance	1,087,076	1,108,899
Recruitment exp	120,100	44,971
Travelling and conveyance	1,118,559	960,578
Office rent	1,434,440	873,135
Rent others - bus rental	122,000	87,900
Repairs and maintenance	63,964	121,818
Fuel and petrol	936,741	840,114
License & registration	403,778	389,823
Duties and membership	60,000	80,000
Payment to statutory auditors (Note# 23.01)	715,082	997,368
Professional fees	334,307	-
Stationeries	360,527	177,432
Postage	250,224	187,166
Telephone and fax	194,644	189,208
Internet expenses	131,710	154,203
Data processing services charges	1,316,628	691,626
Electricity bill	85,597	68,094
Books and periodicals	11,410	6,875
Vehicles insurance	26,315	41,238
Royalty	13,108,358	6,308,971
Technical know-how fees	3,148,500	2,244,828
Land tax & rates	2,314	2,314
Motor vehicle tax	18,549	22,850
Gift expenses	-	2,542
Entertainment	509,408	215,183
Bank charges	559,729	245,949
Office maintenance & supplies	561,999	366,339
Bad debts	224,467	-
Damage & expired materials claim	2,573,336	-
	29,479,763	16,429,424
23.01 Payment to statutory auditors		
As auditor of the Company	144,200	144,200
As auditor of PF, GF & WPPF	69,000	46,000
As advisor (Taxation, VAT and secretarial matters)	501,882	807,168
	715,082	997,368



	Amount in taka	
	2015-2016	2014-2015
24 Selling and distributing expenses		
Sample expense	222,363	124,384
Convention and exhibit expense	4,877,197	5,085,751
Trade print advertising	3,544,482	2,489,527
TV & radio advertising	5,498,982	147,175
Sales promotion expenses	28,814,700	13,680,898
Warehouse rent	2,365,317	1,117,294
Literature and promotional materials	3,249,827	3,832,257
Delivery expenses	13,048,050	2,960,948
Insurance	486,217	17,558
Repairs and maintenance	53,400	1,800
Postage	103,643	53,630
Travelling and conveyance	9,602,946	4,710,128
Seminars and company meetings expense	800,058	189,393
Telephone and fax	604,793	387,705
Sales agents expenses	15,499,444	-
Electricity	52,386	-
Security service charges	333,714	-
Internet	132,715	-
Fuel and petrol	547,032	423,827
	89,837,267	35,222,275
25 Employee benefits expenses		
Salary and allowances	64,106,032	40,512,119
Wages	3,843,377	2,448,318
Employees' Retirement Gratuity	3,390,250	1,544,075
Group insurance	940,655	844,127
Workers' Profit Participation and Welfare Fund	7,894,396	3,558,355
Employee training	114,859	26,350
	80,289,569	48,933,345
26 Basic earnings per share (EPS)		
Profit after tax	103,251,675	37,077,979
Number of shares	3,526,773	3,526,773
Basic EPS	29	11
27 Particulars of employee		
<i>Nationality:</i>		
Bangladeshi	94	77
Non-Bangladeshi	3	1
	97	78
<i>Salary range:</i>		
Monthly Taka 3,000 or above	97	78
Monthly below Taka 3,000	-	-
	97	78



28 Related party transaction

During the year the company carried out a number of transactions with related parties in the normal course of business. Names of those related parties, Nature of those transactions and their total value have been set out in accordance with the provisions of BAS24: *Related Party Disclosure*.

Name of the related party transaction	Nature of transaction	Relationship	Transaction during the year 15-16	Amount due/ (receivable) as at 31 March 2016	Amount due/ (receivable) as at 31 March 2015
Pidilite Industries Ltd., India	Purchase of raw and packing materials	Parent company through wholly owned subsidiaries	71,814,006	2,691,012	3,561,097
	Purchase of finished goods		111,948,576	13,065,016	3,325,455
	Technical fee		3,148,500	3,148,500	2,348,625
	Royalties		13,108,358	13,108,358	6,567,564
	Expenses against service		1,285,691	1,285,691	661,844
Pidilite Lanka (Private) Limited	Sale of finished goods	Subsidiaries of Parent company through wholly owned subsidiaries	12,57,569	(928,273)	-

29 Capital expenditure commitment

There is no such commitment as at 31 March 2016.



30 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The company has exposure to the following risks from its use of financial instruments:

- Credit risks
- Liquidity risks
- Market risk
- **Credit risk**

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

In monitoring credit risk, debtors are grouped according to their risk profile, *i.e.* their legal status, financial condition, ageing profile etc. Accounts and other receivables are mainly related to the Company's buyers. The company's exposure to credit risk on accounts receivables is mainly influenced by the individual payment characteristics of credit purchaser. Credit risk does not arise in respect of any other receivables.

a) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Amount in taka As at 31 March 2016
Accounts receivables	90,460,867
Investment in FDR	150,000,000
Interest receivable	221,363
Advances, deposits and prepayments	23,526,061
Bank balances(except cash in hand)N 9	12,783,258
	276,991,548

b) Ageing of accounts receivables

The aging of the gross account receivable at the reporting date was:

Due below six months	89,829,990
Due over six months	630,877
	90,460,867

• Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities. The Company's approach to managing liquidity (cash and bank balances) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses.

Typically, the Company ensures that it has sufficient cash and bank balances to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, based on time line of payment of the financial obligation and accordingly arranging for sufficient liquidity/fund to make the expected payment within due date.

In extreme stressed conditions, the Company may get support from the shareholders in the form of shareholder's loan/capital contribution.

The following are the contractual maturities of financial liabilities :



As at 31 March 2016					
Current liabilities	Carrying amount	Contractual cash flows	3 months or less	3-6 months	6-12 months
Employee benefits expenses payable	15,962,565	(15,962,565)	(15,962,565)	-	-
Provision for	21,815,024	(21,815,024)	(21,815,024)	-	-
Current tax liabilities	53,057,936	(53,057,936)	(53,057,936)	-	-
Accounts payables	44,418,294	(44,418,294)	(44,418,294)	-	-
	135,253,819	(135,253,819)	(135,253,819)	-	-

• **Market risk**

Market risk is the risk that any change in market conditions, such as foreign exchange rates, interest rates and commodity prices that will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable level.

Currency risk

Transaction risk

Transaction risk arises from risk of adverse exchange rate movements occurring in the course of normal international transaction.

Interest rate risk

Interest rate risk arises from movement in interest rates. The company needs to manage interest rate risk so as to be able to repay debts as they fall due and to minimise the risks surrounding interest payments and receipts.

31 Operating leases - Leases as lessee

The company usually leases office premises and warehouse. The leases typically run for a period of years as mentioned in the lease agreements, with an option to renew the lease after that date.

During the period an amount of Taka 3,799,757 was recognised as an expense in statement of profit or loss and other comprehensive income in respect of operating leases which is as follows:

	Amount in Taka	
	2015-2016	2014-2015
Office rent	1,434,440	873,135
Warehouse rent	2,365,317	1,117,294
	3,799,757	1,990,429

Future minimum lease payments

As at 31 March, the future minimum lease payments under non-cancellable lease was nil and cancellable lease were as follows.

Less than one year	3,539,658	4,000,728
Between two and five years	9,441,380	9,829,298
More than five years	-	2,156,448
	12,981,038	15,986,474

32 The year end foreign currency exposures that are not hedged by a derivative Instrument are given below:

Particulars	Currency	Convertible amount as at			
		31-Mar-16		31-Mar-15	
		Foreign currency	Equivalent BDT	Foreign currency	Equivalent BDT
Accounts receivable	USD	11,758	928,273	3,802	297,285
Accounts payables	USD	470,092	37,113,743	210,545	16,464,585



33 Contingent Liability

Customs authority reclassified one of company's imported finished goods and claimed higher duty but the management of the company challenged their argument and cleared the material by giving two Bank Guarantees (Bank Guarantee No. 411020340359 dated 31 March 2016 and 411020337602 dated 21 March 2016) totaling Tk. 537,957.96 and applied to get the goods tested by independent laboratory. Accordingly Customs authority sent the goods for test. If after laboratory test the materials are classified as per customs thereby resulting in additional duty, then the liability will be Tk. 537,957.96. The lab test is not yet completed but the management of the company strongly feels the decision will be in favor and not have to pay the additional duty.

