

**Pidilite Middle East Limited  
Financial Statement  
March 31, 2017**



## Independent Auditor's Report

The Shareholder  
Pidilite Middle East Limited

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### Report on the Financial Statements

We have audited the accompanying financial statements of Pidilite Middle East Limited, ("the Company"), which comprise of the Statement of Financial Position as at March 31, 2017, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

### Opinion

In our opinion, the financial statements, referred to above, present fairly, in all material aspects, the financial position of Pidilite Middle East Limited as at March 31, 2017, and of its financial performance and cash flows for the year then ended in conformity with International Financial Reporting Standards for Small and Medium sized Entities.

### Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibility of the Management for the Financial Statements

The Management is responsible for the preparation of these financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the Offshore Companies Regulations of 2003 issued by the Jebel Ali Free Zone Authority. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### **Responsibility of the Management for the Financial Statements (Continued)**

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatements when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

We obtain an understanding of the internal controls relevant to the audit 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 Company's internal controls.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Conclude on the appropriateness of management's use of going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

We also provide the Management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the management, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters.

**Report on Other Legal and Regulatory Requirements**

We also confirm that in our opinion proper books of accounts have been kept by the Company and the contents of the report of the Board of Directors and the Company records which relates to these financial statements are in agreement with the books of accounts. We have obtained all the information and explanations we required for the purpose of our audit and to the best of our knowledge and belief, are not aware of any violations of the Offshore Companies Regulations of 2003 issued by the Jebel Ali Free Zone Authority or the Memorandum of Association of the Company have occurred during the year which would have had a material effect on the business of the Company or on its financial position.

*UHY Saxena*

UHY Saxena  
Chartered Accountants  
Dubai  
May 09, 2017



**Pidilite Middle East Limited**  
**Statement of Financial Position**  
**As at March 31, 2017**

(Figures in AED)	Note	2017	2016
<b>ASSETS</b>			
<b>Current Assets</b>			
Bank balances	4	236,935	2,359,767
Total Current Assets		<u>236,935</u>	<u>2,359,767</u>
<b>Non-Current Assets</b>			
Due from subsidiary	5	27,009,345	45,119,848
Investments	6	1,100,629	1,096,994
Long term loan	7	3,500,000	3,500,000
Total Non-Current Assets		<u>31,609,974</u>	<u>49,716,842</u>
<b>Total Assets</b>		<u><b>31,846,909</b></u>	<u><b>52,076,609</b></u>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilitie</b>			
Other payable	8	21,200	41,200
Total Current Liabilities		<u>21,200</u>	<u>41,200</u>
<b>Equity</b>			
Share capital	9	79,001,692	74,601,692
Retained losses		(47,175,983)	(22,566,283)
Total Equity Attributable to the Shareholders		<u>31,825,709</u>	<u>52,035,409</u>
<b>Total Liabilities and Equity</b>		<u><b>31,846,909</b></u>	<u><b>52,076,609</b></u>

These financial statements were approved by the Board of Directors on May 09, 2017 and signed on their behalf by:



Director  
Date : May 09, 2017



**Pidilite Middle East Limited**  
**Statement of Comprehensive Income**  
**Year Ended March 31, 2017**

(Figures in AED)

	Note	2017	2016
Other income	10	16,481	Nil
Provision for impairment loss on loans to subsidiary		(24,564,503)	Nil
General and administration expenses	11	(48,700)	(97,500)
Finance costs	12	(12,978)	(24,659)
<b>Loss for the year</b>		<b><u>(24,609,700)</u></b>	<b><u>(122,159)</u></b>

**Pidilite Middle East Limited**  
**Statement of Changes in Equity**  
**Year Ended March 31, 2017**

(Figures in AED)	Share Capital	Retained Losses	Total
As at April 01, 2015	63,329,163	(22,444,124)	40,885,039
Loss for the year	Nil	(122,159)	(122,159)
Shares paid up during the year	<u>11,272,529</u>	<u>Nil</u>	<u>11,272,529</u>
<b>As at March 31, 2016</b>	<b>74,601,692</b>	<b>(22,566,283)</b>	<b>52,035,409</b>
Loss for the year	Nil	(24,609,700)	(24,609,700)
Shares paid up during the year	<u>4,400,000</u>	<u>Nil</u>	<u>4,400,000</u>
<b>As at March 31, 2017</b>	<b><u>79,001,692</u></b>	<b><u>(47,175,983)</u></b>	<b><u>31,825,709</u></b>

**Pidilite Middle East Limited**

**Statement of Cash Flows**

**Year Ended March 31, 2017**

(Figures in AED)	2017	2016
<b>Cash Flow from Operating Activities</b>		
Loss for the year	(24,609,700)	(122,159)
<u>Adjustments for:</u>		
Provision for impairment loss on loans to subsidiary	24,564,503	Nil
<u>Changes in operating assets and liabilities</u>		
Increase in amounts due from subsidiary	(6,454,000)	(8,522,124)
Increase / (decrease) in other payables	<u>(20,000)</u>	<u>21,200</u>
Net cash used in operating activities	(6,519,197)	(8,623,083)
<b>Cash Flow from Investing Activities</b>		
Investment in associates	<u>(3,635)</u>	<u>(348,739)</u>
Net cash used in investing activities	(3,635)	(348,739)
<b>Cash Flow from Financing Activities</b>		
Share Capital	<u>4,400,000</u>	<u>11,272,529</u>
Net cash generated from financing activities	4,400,000	11,272,529
Net change in cash and cash equivalents	(2,122,832)	2,300,707
Cash and cash equivalents at beginning of the year	<u>2,359,767</u>	<u>59,060</u>
Cash and cash equivalents at end of the year	<u><u>236,935</u></u>	<u><u>2,359,767</u></u>





## Pidilite Middle East Limited

### Notes to the Financial Statements

March 31, 2017

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

Pidilite Middle East Limited is registered as an Offshore Company with limited liability under Registration No. O.F.1264 formed in accordance with the Offshore Companies Regulations of the Jebel Ali Free Zone of 2003.

The registered address of the Company is TPOFCB06WS103, P.O. Box 17870, Jebel Ali Free Zone, Dubai , United Arab Emirates.

The Company is managed by its Board of Directors.

The Company's main objective is to invest in other companies or businesses.

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

These financial statements are prepared on a going concern basis and in compliance with International Financial Reporting Standards for Small and Medium-sized Entities issued by International Accounting Standards Board. They are presented in Arab Emirate Dirhams, currency unit of United Arab Emirates. The presentation of financial statements in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities requires the determination and consistent application of accounting policies to transactions and events. Significant accounting policies, adopted and applied consistently in dealing with items that are considered material in relation to these financial statements, are set below.

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

The preparation of financial statements in conformity with International Financial Reporting Standards for Small and Medium-sized Entities requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and reasonable under the circumstances.

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.

Judgments made by the management in the application of accounting policies that have the most significant effect on the amounts recognised in the financial statements, and estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as explained in Note 3.

#### **Consolidated Financial Statements**

The consolidated financial statements are being prepared by the ultimate parent. These are stand alone financial statements of the Company.

### 3 Summary of Significant Accounting Policies

#### Investments

##### Subsidiary

Investment in subsidiary represents investments in entity over which the Company has the power to control the policies and operational decisions and owns substantial shares in the Company. Investments are stated at cost less accumulated impairment losses.

##### Associates

Investment in associates represents investments in entities over which the Company has the power to exercise significant influence and not control, through participation in the investees' financial and operating policy decisions. Investments in associates are accounted for at cost less any accumulated impairment losses. Dividend income from investments in associates is recognised when the Company's right to receive payment has been established and is included in other income.

#### 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 long-term receivables, amounts due from related parties and cash at bank.

#### Cash and Cash Equivalents

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

#### 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.

**Pidilite Middle East Limited**  
**Notes to the Financial Statements**  
**March 31, 2017**

**3 Summary of Significant Accounting Policies (Continued)**

**Foreign Currencies Translations**

The financial statements are presented in Arab Emirates Dirham's, which is the Company's functional 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.

(Figures in AED)	2017	2016
<b>4 Bank Balances</b>		
Balance in foreign currency accounts	725	725
Balance in local currency accounts	<u>236,210</u>	<u>2,359,042</u>
	<u>236,935</u>	<u>2,359,767</u>

**5 Transactions with Related Parties**

Related party balances as at year end are classified as under:

<b>Due from Subsidiary</b>		
Pidilite MEA Chemicals LLC	71,038,969	64,584,969
Building System Solution Trading	304,501	304,501
Plus Call Technical Services LLC	2,276,873	2,276,873
Less: Provision for impairment loss	<u>(46,610,998)</u>	<u>(22,046,495)</u>
	<u>27,009,345</u>	<u>45,119,848</u>

The above amount represents an interest free loan with an indefinite repayment period to the subsidiary Pidilite MEA Chemicals LLC, Building System Solution Trading and Plus Call Technical Services LLC.

Impairment losses are provided only in respect of loans to subsidiary. Investments in subsidiary continue to be stated at carrying amount.

Related parties comprise the immediate and ultimate parent companies, the shareholders, the directors, key management personnel, fellow subsidiaries and businesses which the parent company controls or over which it exercises significant influence.



**Pidilite Middle East Limited**  
**Notes to the Financial Statements**  
**March 31, 2017**

(Figures in AED) 2017 2016

**6 Investments**

Subsidiary

300 shares of Pidilite MEA Chemicals LLC @ AED 1,000 each 300,000 300,000

200 shares of Building System Solution Trading of QAR 1,000 each 203,027 203,027

Associates

1,107 shares of PT Pidilite Indonesia of USD 10 each 41,166 39,860

35,268 shares of Pidilite Specialty Chemicals Bangladesh Private Limited of Taka 100 each 182,633 182,633

3,698 shares of Pidilite Industries Egypt-SAE of EGP 100 each 206,736 196,803

100 shares of Pidilite Lanka Private Limited of Rupees 127 each 357 357

120 shares of Plus Call Technical Services LLC of AED 1,000 each 120,000 120,000

Nebula - Kenya Nairobi 500 shares of KES 100 each 2,329 Nil

Share application

Pidilite Industries Egypt 44,381 54,314

1,100,629 1,096,994

**7 Long Term Loan**

Pidilite MEA Chemicals LLC 3,500,000 3,500,000

3,500,000 3,500,000

The amount represents an interest free loan with an indefinite repayment period to the subsidiary Pidilite MEA Chemicals LLC.

**8 Other Payable**

Accrued expenses 21,200 41,200

21,200 41,200

**9 Share Capital**

Authorised share capital

100,000,000 shares of AED 1 each 100,000,000 100,000,000

Less: Uncalled share capital (20,998,308) (25,398,308)

Paid up share capital

79,001,692 shares of AED 1 each 79,001,692 74,601,692

79,001,692 74,601,692



Pidilite Middle East Limited  
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March 31, 2017

(Figures in AED)	2017	2016
<b>10 Other Income</b>		
Dividend	16,481	Nil
	<u>16,481</u>	<u>Nil</u>
<b>11 General and Administration Expenses</b>		
Directors' fees	20,000	20,000
Legal and professional	28,700	77,500
	<u>48,700</u>	<u>97,500</u>
<b>12 Finance Costs</b>		
Exchange loss	3,989	21,232
Bank charges	8,989	3,427
	<u>12,978</u>	<u>24,659</u>

**13 Contingent Liabilities**

Except for the ongoing purchase commitments in the normal course of business against which no loss is expected, there are no other known contingent liabilities existing at the balance sheet date.

**14 Comparative Figures**

Certain of the prior year figures have been regrouped to conform with the presentation of the current year.

These financial statements were approved by the Board of Directors on May 09, 2017 and signed on their behalf by:



Director

Date : May 09, 2017