KHANNA & PANCHMIA
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Members of
Building Envelope Systems India Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Building Envelope Systems India Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other comprehensive Income) the Cash Flow Statement and the statement of changes in the Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including Other comprehensive Income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rules 2015, as amended. 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

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 and the order issued under section 143(11) of the Act.

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

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

KHANNA & PANCHMIA * CHARTERED ACCOUNTANTS * MUMBAI

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of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit, total comprehensive income, its cash flows and changes in the equity 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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on 31st March 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018 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.

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(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.

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

KHANNA & PANCHMIA
MUMBAI
CHARTERED ACCOUNTANTS

Devendra Khanna
Partner
Membership No. 038987

Place: Mumbai
Date: 26th April 2018

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)

a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b) As explained to us, the fixed assets have been physically verified by the management in accordance with the phased programme of verification, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to information and explanation given to us, no material discrepancies were noticed on such verification.

c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the title deeds of immovable properties are held in the name of the Company..

(ii) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on such physical verification.

(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 been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, SalesTax, Service tax, Goods and Services 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, Goods and Services Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2018 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, Goods and Services Tax, Customs Duty, Excise Duty and Value Added Tax on account of any dispute.

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(viii) In our opinion and according to information and explanation given to us, the Company has not taken loans from any financial institutions, bank, and government nor issued any debentures.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (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 officer/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.

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

KHANNA & PANCHMIA ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Devendra Khanna
Partner
Membership No. 038987

Place: Mumbai
Date: 26th April 2018

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 **Building Envelope Systems India Limited** ("the Company") as of March 31, 2018 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 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

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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, 2018 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.

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

KHANNA & PANCHMIA * MUMBAI * CHARTERED ACCOUNTANTS

Devendra Khanna
Partner
Membership No. 038987

Place: Mumbai
Date: 26th April 2018

BUILDING ENVELOPE SYSTEMS INDIA LTD.
Balance Sheet as at 31st March, 2018

(Amount in Rs.)

	Particulars	Note No.	As at 31st March 2018	As at 31st March 2017
	ASSETS			
1	**Non Current Assets**			
	(a) Property, Plant and Equipment	3	82,583,090	86,110,388
	(b) Other Intangible Assets	4	-	1,680
	(c) Financial Assets			
	(i) Investments	5	66,371,242	55,151,863
	(ii) Others	6	13,648,583	7,190,901
	(d) Income Tax Assets		3,628,702	
			166,231,617	**148,454,832**
2	**Current Assets**			
	(a) Inventories	7	16,373,990	24,109,898
	(b) Financial Assets			
	(i) Trade Receivables	8	13,808,507	1,008,747
	(ii) Cash and cash equivalents	9	3,444,907	4,780,282
	(c) Other Current Assets	10	3,359,552	5,341,520
			36,986,956	**35,240,446**
		TOTAL	**203,218,572**	**183,695,278**
	EQUITY AND LIABILITIES			
	EQUITY			
	(a) Equity Share Capital	11	83,500,000	83,500,000
	(b) Other Equity	12	109,838,303	87,724,655
			193,338,303	**171,224,655**
	LIABILITIES			
1	**Non-Current Liabilities**			
	(a) Deferred Tax Liabilities (net)	23	143,692	1,089,815
	(d) Other Non-Current Liabilities			
			143,692	**1,089,815**
2	**Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings		-	-
	(i) Trade Payables	13	5,848,387	9,831,096
	(ii) Others	14	1,651,117	1,179,171
	(b) Other Current Liabilities		-	-
	(b) Provisions	15	341,454	370,541
	(d) Current Tax Liabilities (net)		1,895,619	-
			9,736,577	**11,380,808**
		TOTAL	**203,218,572**	**183,695,278**
	Significant Accounting Policies	2		
	See accompanying notes forming part of the financial statements	3 to 31		

In terms of our Report attached
For Khanna & Panchmia
Chartered Accountants
Firm Regn. No.: 136041W

Devendra Khanna
Partner
Membership No.: 38987
28/04/2018

KHANNA & PANCHMIA * MUMBAI * CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Jayan Paul
Director

Building Envelope Systems India Ltd. Mumbai - 21

Sanjay Bahadur
Director

Manisha Shetty
Company Secretary
28/4/18

Place: Mumbai / DUBAI
Date : 26th April 2018

BUILDING ENVELOPE SYSTEMS INDIA LTD.
Statement of Profit and Loss For The Period Ended 31st March, 2018

(Amount in Rs.)

Particulars	Note No.	For the year ended 31st March 2018	For the year ended 31st March 2017
INCOME			
Revenue from Operations	16	89,528,685	61,432,023
Other Income	17	12,336,954	9,201,478
Total Income		**101,865,639**	**70,633,501**
EXPENSES			
Cost of Materials Consumed	18	55,471,160	37,732,776
Changes in inventories of Finished Goods	19	2,022,401	226,339
Excise Duty on sale of goods		2,024,365	6,825,782
Employee Benefits Expense	20	8,262,251	5,460,862
Depreciation and Amortization Expense	21	3,866,122	3,718,694
Other Expenses	22	9,060,356	8,842,663
Total Expenses		**80,706,656**	**62,807,116**
Profit before Exceptional Items and Tax		**21,158,983**	**7,826,385**
(Add) / Less : Exceptional Items (net)		**0**	0
Profit before Tax		**21,158,983**	**7,826,385**
Tax Expense			
Current Tax	1,895,619		
Less: MAT credit	1,895,619	**0**	0
Deferred Tax		(946,123)	621,472
Net Tax expense		**(946,123)**	621,472
Profit for the year		**22,105,106**	**7,204,913**
Other Comprehensive Income			
Remeasurement of Defined Benefit Plan		**8,542**	
Income tax relating to items that will not be reclassified to profit or loss			
Total Comprehensive Income		**22113648**	7204913
Earnings per share			
Basic & Diluted (Rs.)		**2.65**	0.86
Face Value of Share (Re)		**10.00**	10.00
Significant Accounting Policies	2		
See accompanying notes forming part of the financial statements	3 to 31		

In terms of our Report attached
For Khanna & Panchmia
Chartered Accountants
Firm Regn. No.: 136041W

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

KHANNA & PANCHMIA * MUMBAI * CHARTERED ACCOUNTANTS

Devendra Khanna
Partner
Membership No.: 38987
28/04/2018

Jayan Paul
Director

Building Envelope Systems India Ltd. Mumbai - 21

Sanjay Bahadur
Director

Manisha Shetty
Company Secretary
28/4/18

Place: Mumbai /DUBAI
Date : 26th April 2018

STATEMENT OF CASH FLOW

(Amount in Rs.)

Particulars	For the year ended 31st March 2018		For the year ended 31st March 2017	
A. Cash flow from operating activities				
Net Profit before tax		21,158,983		7,826,385
Adjustments for:				
Depreciation and amortization expense	3,866,122		3,718,694	
Share issue expense				
Provision for employee benefits	8,542			
Provision for warranty expense				
Share Profit from Hybrid Coatings recognised in P&L A/c	(11,219,379)			
Interest income recognised in P&L A/c	(475,778)			
Unrealised foreign exchange loss				
Net gain on sale of Current Investments	-			
Provision for Doubtful Debts				
Finance costs				
		(7,820,493)		3,718,694
Operating profit before working capital changes		13,338,491		11,545,079
Movement in working capital:				
(Increase) / decrease in operating assets:				
Inventories	7,735,908		(1,317,454)	
Trade receivables	(12,799,760)		43,578	
Short Term Advances			-	
Other financial Non Current assets	(10,086,384)			
Other Current Assets	1,981,967		1,870,470	
Other non current assets	-			
		(13,168,269)		596,594
Increase / (decrease) in operating liabilities:				
Trade payables	(3,982,709)		1,441,046	
Other Current Financial liabilities	471,946		63,176	
Other Current Liabilities	-		-	
Other Non Current Financial liabilities	(29,087)		214,329	
		(3,539,850)		1,718,551
Cash generated from / (used in) operations		(3,369,628)		13,860,224
Net income tax paid		1,895,619		731,300
Net cash used in operating activities (A)		**(1,474,009)**		**14,591,524**
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	(337,144)		(5,919,007)	
Capital Work in Progress	-		3,449,797	
Increase in Investments	(11,219,379)		(2,810,025)	
Investment in Mutual Funds	-			
Income from Hybrid Coatings	11,219,379			
Interest received	475,778			
Investment in Deposits		138,634	(7,000,000)	(12,279,235)
Net cash used in investing activities (B)		**138,634**		**(12,279,235)**
C. Cash flow from financing activities				
Net Proceeds from Issue of equity share capital	-			
Share issue expenses paid	-		-	
Net Proceeds from short-term borrowings	-		-	
Finance costs	-		-	
		-		-
Net cash generated from financing activities (C)		**-**		**-**
Net increase in Cash and cash equivalents (A+B+C)		**(1,335,375)**		**2,312,289**
Cash and cash equivalents at the beginning of the year		**4,780,282**		**2,467,993**
Cash and cash equivalents at the end of the year		**3,444,907**		**4,780,282**

Significant Accounting Policies 2

In terms of our Report attached

For Khanna & Panchmia
Chartered Accountants

Devendra Khanna
Partner
Membership No.: 38987
28/04/2018
Place: Mumbai / DUBAI
Date : 26th April, 2018

KHANNA & PANCHMIA CHARTERED ACCOUNTANTS MUMBAI

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Jayan Paul
Director

Manisha Shetty
Company Secretary
28/4/18

Building Envelope Systems India Ltd. Mumbai - 21

Sanjay Bahadur
Director

Notes to the financial statements for the year ended 31st March 2018

1.0 Corporate Information

Building Envelope Systems India Limited ("the company") is a Public Limited company incorporated in India in the year 2012.The company is engaged in the business of manufacturing the construction materials.

2.0 Significant Accounting Policies

2.1 Basis of preparation and presentation

The financial statements of the company have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013('Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016.

The financial statements have been prepared under the historical cost convention except for certain financial assets that are measured at fair value.

The financial statements are presented in Indian Rupees (INR).

2.3 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Sale of goods

Revenue from sale of goods is recognised when all significant risk and rewards of ownership of the goods are transferred to the buyer, which generally coincides with dispatch of goods. It includes excise duty but excludes Sales Tax/ VAT. It is measured at fair value of consideration received or receivable, net of returns, rebates and discounts.

2.4 Foreign currencies

In preparing the financial statements of the company, transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items (including financial assets and liabilities) denominated in foreign currencies are retranslated at the rates prevailing at that date. Gains or losses arising from these translations are recognised in the statement of Profit and Loss.

2.5 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.5.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using applicable tax rates that have been enacted or substantively enacted by the end of the reporting period and the provisions of the Income Tax Act, 1961 and other tax laws, as applicable.

KHANNA & PANCHMIA
MUMBAI
CHARTERED ACCOUNTANTS

2.5.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the company is able to control the reversal of temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.5.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.6 Property, plant and equipment

2.6.1 Property, plant and equipment acquired separately

Freehold land is stated at cost and not depreciated.

Buildings, plant and machinery, vehicles, furniture and office equipments are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Capital Work in Progress includes cost of property, plant and equipment under installation/under development as at the balance sheet date.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost of such self-constructed item includes professional fees. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is recognised in profit or loss in the year of occurrence.

2.6.2 Depreciation

Depreciation is provided so as to write off the cost of assets (other than freehold land and Capital work in progress) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Based on the technical evaluation, the Company estimates useful lives of items of property, plant and equipment which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. Estimated useful lives of the property, plant and equipment are as follows:

Building	30-60 Years
Plant & Machinery	6-25 Years
Vehicles	8-10 Years
Furnitire & Fixtures	10 Years
Office Equipment	3-6 Years

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2.7 Intangible Assets

2.7.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairement losses. Amortisation is recognised on a straight line basis over their estimated useful lives.

2.7.2 Useful lives of intangible assets

Estimated useful lives of the Intangible assets are as follows:

Computer Softwares	6 Years

2.8 Inventories

Inventories are valued at lower of cost and net realisable value.
Cost of inventories is determined on weighted average basis. Cost for this purpose includes cost of direct materials, direct labour and appropriate share of overheads.
Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs of completion and estimated costs necessary to make the sale.

2.9 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
Contingent liabilities are not recognised but disclosed in the Notes to the Financial Statements.
Contingent assets are not recognised but disclosed in the Notes to the Financial Statements, where an inflow of economic benefits is probable.

3.0 Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.1 Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt instruments that meet conditions based on purpose of holding assets and contractual terms of instrument are subsequently measured at amortised cost using effective interest method.
All other financial assets are measured at fair value.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

3.1.1 Impairment of financial assets

The Company applies expected credit loss model for recognizing impairment loss on financial assets like trade receivables, financial assets measured at amortised cost, lease receivables and other contractual rights to receive cash or other financial assets. Expected credit losses are weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at original effective rate of interest.

For Trade receivables, the Company measures loss allowance at an amount equal to lifetime expected credit losses. The Company computes expected credit loss allowance based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

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3.1.2 Financial Liabilities

All financial liabilities are measured at amortised cost using effective interest method at the end of subsequent reporting periods. Interest expense is included in the Finance costs line item.

3.1.3 Derecognition of financial assets and liabilities

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

The Company derecognises financial liabilities when the Company's obligations are discharges, cancelled or have expired.

3.1.4 Derivative financial instruments

The Company enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.
Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

3.2 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank, cash in hand and short- term investments net of bank overdrafts with an original maturity of three months or less.

3.3 Employee benefits

Employee benefits include Provident Fund, Employee State Insurance Scheme, Gratuity Fund, Compensated Absences, Employee Medical Insurance and Anniversary Awards.

3.3.1 Defined contribution plans

The Company's contribution to Provident Fund and Employee State Insurance Scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

3.3.2 Defined benefit plans

For defined benefit plans in the form of Gratuity Fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Re-measurement, comprising actuarial gains and losses and the return on plan assets (excluding net interest) is reflected immediately in the Balance Sheet with a charge or credit recognised in Other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised immediately for both vested and the non-vested portion. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited taking into account the present value of available refunds and reductions in future contributions to the schemes.

3.3.3 Short term and other long term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

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Notes forming part of financial statements.

Statement of changes in Equity

(Amount in Rs.)

a. Equity Share Capital	Amount
Balance at April 1, 2016	**83,500,000**
Changes in equity share capital during the year	
- Issue of equity shares during the year	-
Balance at March 31, 2017	**83,500,000**
Changes in equity share capital during the year	-
Balance at March 31, 2018	**83,500,000**

(Amount in Rs.)

b. Other Equity	Reserves and Surplus		Total
	Securities Premium Account	Retained Earnings	
Balance at April 1, 2016	64,500,000	16,019,742	80,519,742
Profit for the year	-	7,204,913	7,204,913
On Issue of equity shares during the year	-	-	-
Less Withdrawals	-	-	-
Balance at March 31, 2017	**64,500,000**	**23,224,655**	**87,724,655**
Profit for the year	-	22,113,648	22,113,648
On Issue of equity shares during the year	-		-
Less Withdrawals	-	-	-
Balance at March 31, 2018	**64,500,000**	**45,338,303**	**109,838,303**

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Notes forming part of financial statements.

3. Property, plant and equipment

(Amount in Rs.)

Carrying amounts of:	31st March 2018	31st March 2017
Land	28,406,925	28,406,925
Building (Leasehold Improvement)	15,008,675	15,465,817
Plant & Machinery	37,355,884	40,044,768
Vehicles	1,129,326	1,374,178
Furniture & Fixtures	538,874	610,276
Office Equipments	143,406	208,424
Total	**82,583,090**	**86,110,388**

Cost (Gross Block)	Free holdLand	Buildings	Plant & Machinery	Vehicles	Furniture & Fixtures	Office Equipment	Total
Balance at April 1, 2016	**28,406,925**	**16,285,175**	**39,809,880**	**1,636,200**	**751,578**	**334,287**	**87,224,045**
Additions	-		5,895,462			23,545	**5,919,007**
Balance at March 31, 2017	**28,406,925**	**16,285,175**	**45,705,342**	**1,636,200**	**751,578**	**357,832**	**93,143,052**
Additions			496,430	(175,000)		15,714	**337,144**
Balance at March 31, 2018	**28,406,925**	**16,285,175**	**46,201,772**	**1,461,200**	**751,578**	**373,546**	**93,480,196**

Accumulated depreciation	Free holdLand	Buildings	Plant & Machinery	Vehicles	Furniture & Fixtures	Office Equipment	Total
Balance at April 1, 2016		362,216	2,689,939	130,110	69,900	72,296	**3,324,461**
Depreciation expense		457,142	2,970,635	131,912	71,402	77,112	3,708,203
Balance at March 31, 2017	-	**819,358**	**5,660,574**	**262,022**	**141,302**	**149,408**	**7,032,664**
Depreciation expense		457,142	3,185,314	69,852	71,402	80,732	3,864,442
Balance at March 31, 2018	-	**1,276,500**	**8,845,888**	**331,874**	**212,704**	**230,140**	**10,897,106**

Carrying amount (Net Block)	Free holdLand	Buildings	Plant & Machinery	Vehicles	Furniture & Fixtures	Office Equipment	Total
Balance at April 1, 2016	**28,406,925**	**15,922,959**	**37,119,941**	**1,506,090**	**681,678**	**261,991**	**83,899,584**
Additions	-	-	5,895,462	-	-	23,545	5,919,007
Depreciation expense	-	457,142	2,970,635	131,912	71,402	77,112	3,708,203
Balance at March 31, 2017	**28,406,925**	**15,465,817**	**40,044,768**	**1,374,178**	**610,276**	**208,424**	**86,110,388**
Additions	-	-	-	-	-	-	-
Additions	-	-	496,430	(175,000)	-	15,714	337,144
Depreciation expense	-	457,142	3,185,314	69,852	71,402	80,732	3,864,442
Balance at March 31, 2018	**28,406,925**	**15,008,675**	**37,355,884**	**1,129,326**	**538,874**	**143,406**	**82,583,090**

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Notes forming part of financial statements.

4. Other Intangible assets

Carrying amounts of	31st March 2018	31st March 2017
Computer Software	-	1,680
	-	**1,680**

Cost (Gross block)	Computer Software	Total
Balance at April 1, 2016	**43,200**	**43,200**
Additions	-	-
Balance at March 31, 2017	**43,200**	**43,200**
Acquisitions through business combinations		-
Other Additions		-
Balance at March 31, 2018	**43,200**	**43,200**

Accumulated amortisation and impairment	Computer Software	Total
Balance at April 1, 2016	**31,029**	**31,029**
Amortisation expense	10,491	10,491
Balance at March 31, 2017	**41,520**	**41,520**
Amortisation expense	1,680	1,680
Balance at March 31, 2018	**43,200**	**43,200**

Carrying amount (Net Block)	Computer Software	Total
Balance at April 1, 2016	**12,171**	**12,171**
Additions	-	-
Amortisation expense	10,491	10,491
Balance at March 31, 2017	**1,680**	**1,680**
Acquisitions through business combinations		-
Other Additions	-	-
Amortisation expense	1,680	1,680
Balance at March 31, 2018	[illegible]	-

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Notes forming part of financial statements.

5 Investments

		As at 31st March 2018	As at 31st March 2017
Non Current Investments			
Investment in Partnership Firm (HYBRID COATINGS)			
Capital Account		24,750,000	24,750,000
Current Account		41,621,242	30,401,863
	TOTAL	66,371,242	55,151,863
Name of Partners & Share of Profit (%)			
1. Building Envelope Systems India Limited		99.00%	99.00%
2. Jayan Paul		0.50%	0.50%
3. Paul Jayan		0.50%	0.50%
		100%	100%
Total Capital of Firm		25,000,000	25,000,000

6 Other Non Current Financial Assets

		As at 31st March 2018	As at 31st March 2017
MAT Credit Entitlement		168,700	168,700
Fixed Deposits with Bank		13,000,000	7,000,000
Interest Accrued on Deposit with Bank		266,283	22,201
Security Deposits		213,600	
	TOTAL	13,648,583	7,190,901

7 Inventories (At lower of cost and net realizable value)

		As at 31st March 2018	As at 31st March 2017
Raw Material & Packing Material		11,302,152	16,875,231
Fuel		1,428,380	1,568,807
Finished Goods		3,643,458	5,665,860
	TOTAL	16,373,990	24,109,898

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8 **Trade Receivables**

		As at 31st March 2018	As at 31st March 2017
Current			
Unsecured, considered good		**13,808,507**	1,008,747
Considered doubtful		**-**	-
		13,808,507	**1,008,747**
Less: Provision for doubtful receivables		**-**	-
	Total	**13,808,507**	**1,008,747**

The average credit period on sales of goods is less than 60 days. No interest is charged on trade receivables.

Ageing:

Within the credit period (in days)	
01-90	13,808,507
91-180	-
181-360	-
> 360	-

Credit loss is not expected since sales is only to group companies

9 **Cash and Cash Equivalents**

		As at 31st March 2018	As at 31st March 2017
Cash on Hand		**14,713**	13,277
Balances with banks			
In Current Account		**3,430,194**	4,767,005
	TOTAL	**3,444,907**	**4,780,282**
Cash and cash equivalents as per Statement of Cash Flow		**3,444,907**	**4,780,282**

10 **Non financial Assets - Others - Current**

		As at 31st March 2018	As at 31st March 2017
Unsecured, considered good			
Advances to suppliers		**1,250,850**	565,633
Prepaid Expenses		**295,977**	250,124
Balances with Government Authorities		**1,812,725**	4,525,763
	TOTAL	**3,359,552**	5,341,520

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Notes forming part of financial statements.

11 Equity Share Capital

(Amount in Rs.)

		As at 31st March 2018	As at 31st March 2017
Authorised Capital			
15,000,000 (15,000,000) equity shares of Rs.10 each		15,00,00,000	15,00,00,000
	TOTAL	15,00,00,000	15,00,00,000
Issued, Subscribed and Paid up Capital			
8,350,000 (8,350,000) equity shares of Rs.10 each		8,35,00,000	8,35,00,000
	TOTAL	8,35,00,000	8,35,00,000

i. The Company has only one class of equity shares having a par value of Re. 10 per share. Each holder of equity shares is entitled to one vote per share.

ii. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in the proportion of their shareholding.

a. **Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period**

	As at 31st March 2018		As at 31st March 2017	
Equity Shares	Number of Shares	Rs.	Number of Shares	Rs.
Shares outstanding at the beginning of the year	83,50,000	8,35,00,000	83,50,000	8,35,00,000
Shares issued during the year	-	-	-	
Shares outstanding at the end of the year	83,50,000	8,35,00,000	83,50,000	8,35,00,000

c. **Details of shareholders holding more than 5% shares in the Company:**

	As at 31st March 2018		As at 31st March 2017	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Pidilite Industries Limited (Holding Company)	50,10,000	60%	50,10,000	60%
Rajendra Kini	16,70,000	20%	16,70,000	20%
Jayan Paul	16,70,000	20%	16,70,000	20%
	83,50,000	100%	83,50,000	100%

No equity shares were allotted without payment being received in cash.

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Notes forming part of financial statements.

12 **Other Equity**

(Amount in Rs.)

	As at 31st March 2018	As at 31st March 2017
Securities Premium Account		
Balance as per last financial statements	6,45,00,000	6,45,00,000
Add : Premium on Shares issued during the year	-	
Closing Balance	**6,45,00,000**	**6,45,00,000**
Retained Earnings		
Balance as per last financial statements	2,32,24,655	1,60,19,742
Add: Profit / (Loss) for the year	2,21,13,648	72,04,913
Closing Balance	**4,53,38,303**	**2,32,24,655**
TOTAL	**10,98,38,303**	**8,77,24,655**

13 **Trade Payables**

(Amount in Rs.)

	As at 31st March 2018	As at 31st March 2017
Trade Payables	58,48,387	98,31,096
TOTAL	**58,48,387**	**98,31,096**

14 **Other Financial Liabilities**

	As at 31st March 2018	As at 31st March 2017
Employee related liabilities	1,71,353	3,03,127
Statutory Remittances	13,44,717	7,56,959
Liabilities for Expenses	1,35,047	1,19,085
TOTAL	**16,51,117**	**11,79,171**

15 **Current Provisions**

	As at 31st March 2018	As at 31st March 2017
Provision for Employee Benefits		
Gratuity	2,26,456	1,51,393
Compensated absences	1,14,998	2,19,148
TOTAL	**3,41,454**	**3,70,541**

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Notes forming part of financial statements.

16 Revenue From Operations

(Amount in Rs.)

		For the year ended 31st Mar 2018	For the year ended 31st Mar 2017
Revenue From Operations (Gross)			
Sale of Products			
Finished Goods		89,528,685	61,432,023
	TOTAL (A)	89,528,685	61,432,023
Revenue from operations (Gross)			
	TOTAL	89,528,685	61,432,023

17 Other Income

(Amount in Rs.)

		For the year ended 31st Mar 2018	For the year ended 31st Mar 2017
Interest on:			
Bank Deposit		475,778	22,201
Others (Income Tax Credit)		-	32,873
Share of Profit from Investment			
Long-term Investments - Associates		11,219,379	8,810,025
Other Non-Operating Income:			
Foreign Exchange Gain		-	335,773
Miscellaneous Income		641,797	606
	TOTAL	12,336,954	9,201,478

18 Cost of Materials Consumed

(Amount in Rs.)

		For the year ended 31st Mar 2018	For the year ended 31st Mar 2017
Inventory at the beginning of the year		16,875,231	14,616,629
Add : Purchases		49,898,081	39,991,378
		66,773,312	54,608,007
Less : Inventory at the end of the year		11,302,152	16,875,231
	TOTAL	55,471,160	37,732,776

19 Change in Inventories of Finished Goods

(Amount in Rs.)

		For the year ended 31st Mar 2018	For the year ended 31st Mar 2017
Inventories at end of the year			
Finished Goods and fuel		3,643,458	5,665,860
	(A)	3,643,458	5,665,860
Inventories at beginning of the year			
Finished Goods and fuel		5,665,860	5,892,199
	(B)	5,665,860	5,892,199
	(B)-(A)	2,022,401	226,339
		-	
	TOTAL	2,022,401	226,339

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20 Employee Benefits Expense

(Amount in Rs.)

	For the year ended 31st Mar 2018	For the year ended 31st Mar 2017
Salaries and Wages	7,630,462	4,983,357
Contribution to Provident and ESI	415,583	282,557
Gratuity	83,605	91,776
Staff Welfare Expenses	132,601	103,172
TOTAL	**8,262,251**	**5,460,862**

21 Depreciation and Amortization Expense

(Amount in Rs.)

	For the year ended 31st Mar 2018	For the year ended 31st Mar 2017
Depreciation on Tangible Assets (Refer Note 3)	3,864,442	3,708,203
Amortization of Intangible Assets (Refer Note 4)	1,680	10,491
TOTAL	**3,866,122**	**3,718,694**

22 Other Expenses

(Amount in Rs.)

	For the year ended 31st Mar 2018	For the year ended 31st Mar 2017
Consumption of Fuel and Gas	2,243,304	1,589,931
Electricity Charges	1,331,438	1,602,741
Insurance	183,344	204,603
Foreign Exchange Loss	423,586	
Repairs & Maintenance	448,181	686,797
Security Charges	413,453	374,844
Legal, Professional and Consultancy fees	1,102,383	1,114,152
Communication Expenses	55,716	102,291
Travelling and Conveyance Expenses	188,981	181,956
Payments to Auditor	110,000	131,960
Loss on Fixed Assets Sold / Discarded (Net)	128,125	
Labour & Site Expenses		1,789,266
Waste Disposal Charges	1,023,199	
Miscellaneous expenses	1,408,647	1,064,122
TOTAL	**9,060,356**	**8,842,663**

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23 **Taxes**

1 **Deferred Tax**

a **2017- 2018**

Deferred tax assets/(liabilities) in relation to:

	Opening Balance	Recognised in Profit and Loss	Closing balance
Property, plant and equipment	2688450	(1,442,070)	1,246,380
Business Losss	(1484138)	486,959	(997,179)
Defined benefit obligation	(114497)	8,988	(105,509)
Total	**1089815**	**(946,123)**	**143,692**

b **2016-2017**

Deferred tax assets/(liabilities) in relation to:

	Opening Balance	Recognised in Profit or loss	Closing balance
Property, plant and equipment	1442029	1,246,421	2,688,450
Business Losss	(925417)	(558,721)	(1,484,138)
Defined benefit obligation	(48269)	(66,228)	(114,497)
Total	**468343**	**621,472**	**1,089,815**

2 **Income Tax**

a **Income tax recognised in profit or loss Year**

	As at 31st March 2018	As at 31st March 2017
Current tax		
In respect of the current year	0	-
In respect of prior years	0	-
	0	
Deferred tax		
In respect of the current year	(946123)	621,472
	(946123)	**621,472**
Total income tax expense recognised in the current year relating to continuing operations	**(946123)**	**621,472**

b **The income tax expense for the year can be reconciled to the accounting profit as follows:**

	As at 31st March 2018	As at 31st March 2017
Profit before tax from operations	**21158983**	**7,826,385**
	30.9%	30.9%
Effect of expenses that are not deductible in determining taxable profit	92073	66,228
Others	(1038196)	555,244
	(946123)	**621,472**
Adjustments recognised in the current year in relation to the current tax of prior years		
Income tax expense recognised in profit or loss (relating to continuing operations)	(946123)	621,472

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Notes forming part of financial statements.

24 Contingent Liabilities and Commitments

(Amount in Rs.)

		As at 31st March, 2018	As at 31st March, 2017
A)	**Contingent liabilities not provided for:**		
	Guarantees given by Banks in favor of others	**Nil**	**Nil**
B)	**Commitments:**		
(a)	Estimated amount of contracts, net of advances, remaining to be executed for the acquisition of property, plant and equipment and not provided for	**Nil**	**Nil**

25 Segment information

The Company is into business of water proofing products and does not have any other segment for reporting.

26 Earnings Per Share (EPS)

The following reflects the Profit and Share data used in the Basic and Diluted EPS computations:

(Amount in Rs.)

	As at 31st March 2018	As at 31st March 2017
Basic and Diluted:		
Total Operations for the year / period		
Profit for the year	22,105,106	7,204,913
Weighted average number of equity shares for calculating basic and diluted EPS	8,350,000	8,350,000
Par value per share	10.00	10.00
Earning per share (Basic and Diluted)	2.65	0.86

27 Related Party Transactions

List of Related Parties

(i) Holding Company

Pidilite Industries Ltd — Holding Company

(ii) Subsidiary Company

Nil

(iii) Key Management Personnel

a. Shri Jayan Paul — Director

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Notes forming part of financial statements.

(iv) Name of Related Parties

a.	Pidilite Industries Ltd	Holding Company
b.	HYBRID COATINGS	Firm in which company is a partner (Refer Note 5)

Transactions with Related Parties for the year ended 31st March, 2018 are as follows :

(Amount in Rs.)

	Nature of Transaction	Period	Pidilite Industries Ltd	Percept Waterproofing Services Ltd	Nina Waterproofing Systems Pvt Ltd
a	Sales /Works Contact Income	**Current Year**	**101,388,729**	**3,420,997**	**880,684**
		Previoous Year	(61,432,022)	-	-
b	Purchases and Other Services	**Current Year**	**680,059**	-	-
		Previoous Year	(667,008)	-	-
c	Outstanding Balances :				
	- Debtors including advances	**Current Year**	**9,506,826**	**3,420,997**	**880,684**
		Previoous Year	(1,008,747)	-	-
	- Creditors	**Current Year**	**3,242,756**	-	-
		Previoous Year	(3,262,902)	-	-
	- Net Receivable/Payable	**Current Year**	**6,264,070**	**3,420,997**	**880,684**
		Previoous Year	2,254,155	-	-

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28 Employee Benefits

General description of defined benefit plans :

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Actuarial gains and losses in respect of defined benefit plans are recognised in the Financial statements through other comprehensive income.

Interest risk

A decrease in the bond interest rate will increase the plan liability.

Longevity risk

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Defined benefit plans – as per actuarial valuation

(Amount in Rs.)

	Particulars	31st March 2018	31st March 2017
Change in the present value of defined benefit obligation			
1	Present value of defined benefit obligation at the beginning of the year	151,393	59,617
3	Current service cost	72,721	57,338
4	Interest cost/income	10,884	4,553
5	Remeasurements (gains)/ losses included in OCI	29,885	
	Actuarial (gains)/ losses arising from changes in demographic assumption		
	Actuarial (gains)/ losses arising from changes in financial assumption	- 8,840	6,421
	Actuarial (gains)/ losses arising from changes in experience adjustment	298	23,464
6	Past Service cost		
7	Benefits paid		
8	Present value of defined benefit obligation at the end of the year	226,456	151,393
Net Asset/(Liability) recognised in the Balance Sheet as at			
1	Present value of defined benefit obligation as at 31st March	226,456	151,393
2	Fair value of plan assets as at 31st March	-	-
3	Surplus/(Deficit)	226,456	151,393
4	Current portion of the above	345	450
5	Non current portion of the above	226,111	150,943
Actuarial assumptions			
1	Discount rate	7.6%	7.2%
2	Attrition rate	10%	10%
3	Salary Escalation	6.5%	6.5%
Quantitative sensitivity analysis for significant assumption is as below			
1	One percentage point increase in discount rate	249,637	167,354
2	One percentage point decrease in discount rate	206,559	137,685
3	One percentage point increase in Salary growth rate	206,197	137,478
4	One percentage point decrease in Salary growth rate	249,673	167,300
5	One percentage point increase in attrition rate		
6	One percentage point decrease attrition rate		
Expense recognised in the Statement of Profit and Loss for the year ended			
1	Current service cost	72,721	57,338
2	Interest cost on benefit obligation (Net)	10,884	4,553
3	Total expenses included in employee benefits expense	75,063	91,776

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The Company's contribution to Provident Fund and Employees State Insurance Scheme aggregating **Rs.3,78,540/-** has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

Actuarial gains and losses in respect of defined benefit plans are recognised in the Financial statements through other comprehensive income.

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Notes forming part of financial statements.

29 Disclosures required under Section 22 of Micro, Small and Medium Enterprise Development Act, 2006

(Amount in Rs.)

	For the year ended 31st March, 2018	For the year ended 31st March, 2017
(i) Principal amount remaining unpaid to any SME supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-
TOTAL	-	-

The above information regarding dues to Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information collected with the Company. This has been relied upon by the auditors.

30 Details of Payments to Auditor

(Amount in Rs.)

	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Audit fees	80,000	80,000
Tax Audit	30,000	30,000
Other Services:		
Certification Fees		21,960
	1,10,000	**1,31,960**

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31 Financial Instrument

1 Categories of financial instruments

	31st March 2018	31st March 2017
Financial assets		
Measured at Fair Value through Profit or Loss (FVTPL)		
Forward foreign exchange contracts		-
Measured at amortised cost		
Cash and bank balances	3,444,907	4,780,282
Other financial assets	30,182,497	25,118,645
Financial liabilities		
Measured at Fair Value through Profit or Loss (FVTPL)		
Measured at amortised cost	7,499,504	11,010,267

2 Financial risk management objectives

Liquidity risk management

Liquidity risk refers to the risk that the Company will encounter difficulty in meeting its financial obligation as they fall due. The Company's financial assets are higher than labilities as on 31st March 2018.

3 Foreign currency sensitivity analysis

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed utilising forward foreign exchange contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	FC value in Foreign Currency		FC value in INR	
	31st March 2018	31st March 2017	31st March 2018	31st March 2017
Amounts payable in foreign currency on account of the following:				
EUR	-	58,713.12	-	4,065,743.00

The Company is mainly exposed to the EUR.

The following table details the Company's sensitivity to a 10% increase and decrease against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

	EUR impact	
	31st March 2018	31st March 2017
Impact on profit or loss for the year (ii)	-	406,574.30

(i) This is mainly attributable to the exposure to outstanding Euro payables at the end of the reporting period.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Fair value of the Company's financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

Particulars	31st March 2018		31st March 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets carried at Amortised Cost				
Inventories	16,373,990	16,373,990	24,109,898	24,109,898
Trade Receivables	13,808,507	13,808,507	1,008,747	1,008,747
Cash and cash equivalents	3,444,907	3,444,907	4,780,282	4,780,282
Investments		-		
Other Current Assets	3,359,552	3,359,552	5,341,520	5,341,520
Total	**36,986,956**	**36,986,956**	**35,240,446**	**35,240,446**
Financial liabilities				
Financial liabilities held at amortised cost				
Trade Payables	5,848,387	5,848,387	9,831,096	9,831,096
Other Financial Liabilities (Statutory Remittance)	1,651,117	1,651,117	1,179,171	1,179,171
Other Current Liabilities				
Provisions	341,454	341,454	370,541	370,541
Total	**7,840,958**	**7,840,958**	**11,380,808**	**11,380,808**

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