



**Independent Auditors' Report
to the shareholders of
Pidilite Speciality Chemicals Bangladesh Private Ltd.**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Pidilite Speciality Chemicals Bangladesh Private Ltd., which comprise the statements of financial position as at 31 March 2019, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give true and fair view, in all material respects, the financial position of the Company as at 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

Basis for 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) together with ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, 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.

Those charged with governance are also responsible for overseeing the company's financial reporting process.



Auditors' 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 misstatement, 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 misstatement 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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement 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. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control 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 control.
- 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 the 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 a going concern. 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.




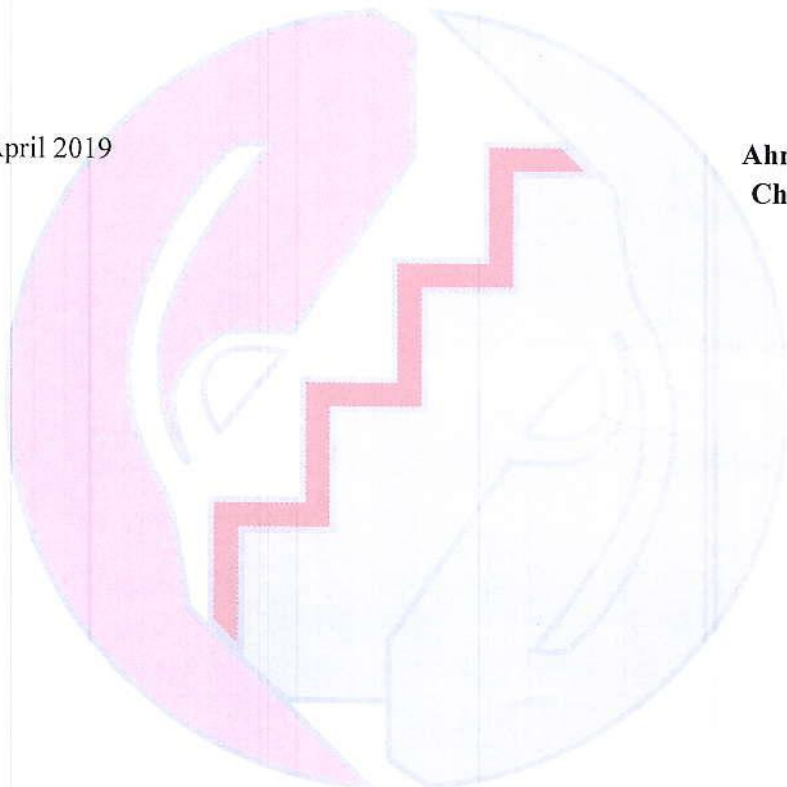
Report on Other Legal and Regulatory Requirements

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

- 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, 25 April 2019
Dhaka


Ahmed Mashuque & Co.
Chartered Accountants




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Mashuque*

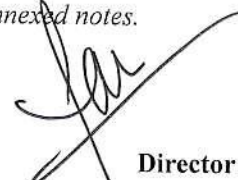
Pidilite Speciality Chemicals Bangladesh Private Ltd.
Statement of financial position
As at 31 March 2019

| | Notes | Amount in Taka | |
|-------------------------------------|-------|--------------------|--------------------|
| | | 31-Mar-19 | 31-Mar-18 |
| Assets | | | |
| Property, plant and equipment | 5 | 327,819,794 | 344,030,487 |
| Capital work-in-progress | 6 | 90,631,374 | 6,988,681 |
| Non current assets | | 418,451,168 | 351,019,168 |
| Inventories | 7 | 187,450,330 | 156,184,593 |
| Accounts receivable | 8 | 231,201,508 | 184,778,506 |
| Advances, deposits and prepayments | 9 | 48,893,163 | 29,309,599 |
| Investment in FDR | | - | 20,000,000 |
| Interest and other receivable | | - | 24,038 |
| Cash and bank balances | 10 | 57,330,876 | 95,047,235 |
| Current assets | | 524,875,877 | 485,343,971 |
| Total assets | | 943,327,045 | 836,363,139 |
| Equity and liabilities | | | |
| Equity | | | |
| Share capital | 11 | 352,694,500 | 352,677,300 |
| Share money deposits | 12 | - | 17,337 |
| Retained earnings | | 431,369,301 | 322,797,504 |
| Total equity | | 784,063,801 | 675,492,141 |
| Liabilities | | | |
| Deferred tax liabilities | 13 | 17,786,764 | 22,802,459 |
| Non current liabilities | | 17,786,764 | 22,802,459 |
| Employee benefits expenses payable | 14 | 26,214,410 | 20,449,940 |
| Provision for expenses | 15 | 24,305,344 | 25,857,823 |
| Current tax liability | 16 | 12,653,641 | 16,618,432 |
| Accounts payable | 17 | 78,303,085 | 75,142,345 |
| Current liabilities | | 141,476,480 | 138,068,540 |
| Total liabilities | | 159,263,244 | 160,870,999 |
| Total equity and liabilities | | 943,327,045 | 836,363,139 |

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


Head of Finance



Director


Director

Signed in terms of our separate report of even date annexed

Dated, 25 April 2019.
Dhaka




Ahmed Mashuque & Co.
Chartered Accountants

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Pidilite Speciality Chemicals Bangladesh Private Ltd.
Statement of profit or loss and other comprehensive income
For the year ended 31 March 2019

| | Notes | Amount in Taka | |
|---|-------|----------------------|----------------------|
| | | 2018-2019 | 2017-2018 |
| Income | | | |
| Sales - net of VAT | 18 | 1,237,114,974 | 1,070,117,234 |
| Other income | 19 | 1,968,431 | 2,142,710 |
| | | 1,239,083,405 | 1,072,259,944 |
| Less: Expenditure | | | |
| Cost of materials | 20 | 424,272,006 | 363,129,631 |
| Changes in inventory of finished goods and working progress | 21 | 256,398,941 | 212,278,100 |
| Operating expenses | 22 | 18,238,057 | 16,764,898 |
| Administrative expenses | 23 | 43,259,329 | 38,390,358 |
| Selling and distribution expenses | 24 | 148,440,363 | 131,846,130 |
| Employee benefits expenses | 25 | 144,198,987 | 119,599,866 |
| Depreciation | | 31,540,827 | 30,776,026 |
| | | 1,066,348,510 | 912,785,009 |
| Operating profit for the year | | 172,734,895 | 159,474,935 |
| Add: Interest income | | 205,059 | 107,094 |
| Less: Interest on overdraft | | (115,877) | (29,917) |
| Profit before income tax for the year | | 172,824,078 | 159,552,112 |
| Income tax expense | | | |
| Current tax | | 60,869,436 | 58,040,021 |
| Deferred tax | | (5,015,695) | (4,443,725) |
| | | 55,853,741 | 53,596,296 |
| Net profit after income tax for the year | | 116,970,337 | 105,955,816 |
| (Transferred to statement of changes in equity) | | | |
| Other Comprehensive Income/(Loss) : | | | |
| Remeasurement of Defined Benefit Plan | | (8,398,540) | - |
| Total Comprehensive Income for the year | | 108,571,797 | 105,955,816 |

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


Head of Finance



Director


Director

Signed in terms of our separate report of even date annexed

Dated, 25 April 2019.
Dhaka




Ahmed Mashuque & Co.
Chartered Accountants

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Pidilite Speciality Chemicals Bangladesh Private Ltd.
Statement of changes in equity
For the year ended 31 March 2019

| Particulars | <i>Amount in Taka</i> | | | |
|------------------------------------|-----------------------|----------------------|--------------------|--------------------|
| | Share capital | Share money deposits | Retained earnings | Total |
| Balance as at 01 April 2017 | 352,677,300 | 17,337 | 216,841,688 | 569,536,325 |
| Addition during the year | - | - | 105,955,816 | 105,955,816 |
| Balance as at 31 March 2018 | 352,677,300 | 17,337 | 322,797,504 | 675,492,141 |
| Balance as at 01 April 2018 | 352,677,300 | 17,337 | 322,797,504 | 675,492,141 |
| Addition during the year | 17,200 | (17,337) | 116,970,337 | 116,970,200 |
| Other Comprehensive Income/(Loss) | - | - | (8,398,540) | (8,398,540) |
| Balance as at 31 March 2019 | 352,694,500 | - | 431,369,301 | 784,063,801 |

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


Head of Finance


Director


Director

Signed in terms of our separate report of even date annexed

Dated, 25 April 2019.
 Dhaka


Ahmed Mashuque & Co.
Chartered Accountants


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Pidilite Speciality Chemicals Bangladesh Private Ltd.
Statement of cash flows
For the year ended 31 March 2019

| | Amount in Taka | |
|--|---------------------|-------------------|
| | 2018-2019 | 2017-2018 |
| A. Cash flows from operating activities | | |
| Collection from sales | 1,192,659,317 | 1,025,260,730 |
| Payment to suppliers | (708,702,499) | (599,468,281) |
| Payment for expenses | (377,906,847) | (314,845,844) |
| Income tax paid | (64,834,228) | (42,588,381) |
| Net cash generated from operating activities | 41,215,743 | 68,358,224 |
| B. Cash flows from investing activities: | | |
| Acquisition of fixed assets | (15,402,630) | (166,046,758) |
| Investment in FDR | 20,000,000 | 20,000,000 |
| Interest received | 229,097 | 209,168 |
| Capital work-in-progress | (83,642,692) | 155,976,623 |
| Net cash used in investing activities | (78,816,224) | 10,139,033 |
| C. Cash flows from financing activities: | | |
| Interest paid | (115,877) | (29,917) |
| Net cash used in financing activities | (115,877) | (29,917) |
| Net changes in cash and bank balances (A+B+C) | (37,716,358) | 78,467,340 |
| Add: Cash and bank balances at the beginning of the year | 95,047,234 | 16,579,894 |
| Cash and bank balances at the end of the year | 57,330,876 | 95,047,234 |

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


Head of Finance



Director


Director

Signed in terms of our separate report of even date annexed

Dated, 25 April 2019.
Dhaka

Mashuque
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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 2019

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 colouring 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, colouring 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 International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 1994 and other relevant local laws and regulations as applicable. IFRS comprise of

- International Financial Reporting Standards (IFRS);
- International Accounting Standards (IAS); and
- Interpretations.

The titles and format of these financial statements follow the requirements of IFRS which are to some extent different from the requirements of the Companies Act, 1994. However, such differences are not material and in the view of management IFRS title gives better presentation to the shareholders.

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 2018 to 31 March 2019 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 except inventories which is measured at lower of cost and net realizable value on even reporting date.

2.06 Date of authorisation for issue of financial statements

The Board of Directors has authorised these financial statements on 25 April 2019.

2.07 Directors' responsibility statement

The Board of Directors takes the responsibility for the preparation and fair presentation of these financial statements.



2.08 Use of estimates and judgments

The preparation of the financial statements in conformity with International Financial Reporting Standards (IFRS) 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 - 14 Employee benefits expenses payable

Note - 15 Provision for expenses

Note - 16 Provision for income tax

Note - 17 Accounts payable

2.09 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 profit or loss and other 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</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 IAS-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 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.

3.04 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. During the year ended on 31 March 2019 applicable income tax rate on income of manufacturing operations was 35%. Further, the Industrial unit is subject to tax at normal rate less Tax rebate @ 10% as per Para-1 of the S.R.O. 185-law/income tax/2014 dated 01 July 2014 of the Internal Resources Division, Ministry of Finance, Govt. of the People's Republic of Bangladesh as applicable.

Furthermore, 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.

3.05 Revenue recognition

(a) Sales of goods

Sales are recognized when the entity satisfies a performance obligation by transferring a promised goods to a customer. Sales are stated net of returns and excluding VAT.

(b) Interest income

Interest income is recognized on accrual basis.

3.06 Statement of cash flows

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

3.07 Finance costs

Finance costs comprise interest expense on short term borrowings.

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(as amended in 2013).

(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. Actuary valuation of the unavailed leave is carried out by a professional actuary.



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.

- **Advances, deposits and prepayments**

Advances

Advances are initially measured at cost. After initial recognition, advances are carried at cost less

Deposits

Deposits measured at cost value.

Prepayments

Prepayments are initially measured at cost. After initial recognition, Prepayments are carried at cost less charges to Statement of profit or loss and other comprehensive income.

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.

3.14 Earning per share

The Company calculates its earnings per share in accordance with IAS 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 IAS 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. This rates are as follows:

| Currencies | Closing rate as at | |
|------------|--------------------|-----------|
| | 31-Mar-19 | 31-Mar-18 |
| BDT/USD | 84.30 | 83.50 |

4 Comparative

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

Previous year's figure has been re-arranged whenever considered necessary to ensure comparability with the current year's presentation as per IAS 8: *Accounting policies, Changes in Accounting Estimates and Errors*.



5 Property, plant and equipment
For 2019

| Asset Category | Gross Block (Cost) | | | | Depreciation | | | | Net Block at 31 March 2019 |
|-----------------------------|------------------------|-----------------------------|-------------------------|------------------------|------------------------|----------------------------|-------------------------|------------------------|----------------------------------|
| | As at 01 April 2018 | Addition during the year | Disposal/ Adjustment | As at 31 March 2019 | As at 01 April 2018 | Charged during the year | Disposal/ Adjustment | As at 31 March 2019 | |
| | 184,959,523 | - | - | 184,959,523 | - | 5,568,165 | - | - | |
| Freehold land | 111,363,212 | - | - | 111,363,212 | 41,690,985 | - | - | 47,259,151 | 184,959,523 |
| Factory buildings | - | - | - | - | - | - | - | - | 64,104,062 |
| Vehicles | - | - | - | - | - | - | - | - | - |
| Machinery and equipment | 230,112,098 | 14,580,369 | - | 244,692,467 | 149,452,682 | 23,398,704 | - | 172,851,387 | 71,841,080 |
| Computers | 6,369,382 | 709,761 | - | 7,079,143 | 5,364,579 | 570,709 | - | 5,935,287 | 1,143,856 |
| Furniture and fixtures | 7,749,319 | 40,000 | - | 7,789,319 | 4,256,197 | 775,927 | - | 5,032,124 | 2,757,195 |
| Mechanical office equipment | 4,100,705 | - | - | 4,100,705 | 2,276,998 | 410,067 | - | 2,687,065 | 1,413,640 |
| Laboratory equipment | 8,172,494 | - | - | 8,172,494 | 5,754,805 | 817,251 | - | 6,572,056 | 1,600,439 |
| As at 31 March 2019 | 552,826,734 | 15,330,130 | - | 568,156,864 | 208,796,247 | 31,540,823 | - | 240,337,070 | 327,819,794 |

| Asset Category | Gross Block (Cost) | | | | Depreciation | | | | Net Block at 31 March 2018 |
|-----------------------------|------------------------|-----------------------------|-------------------------|------------------------|------------------------|----------------------------|-------------------------|------------------------|----------------------------------|
| | As at 01 April 2017 | Addition during the year | Disposal/ Adjustment | As at 31 March 2018 | As at 01 April 2017 | Charged during the year | Disposal/ Adjustment | As at 31 March 2018 | |
| | 22,230,000 | 162,729,523 | - | 184,959,523 | - | 5,568,156 | - | - | |
| Freehold land | 111,363,212 | - | - | 111,363,212 | 36,122,829 | - | - | 41,690,985 | 184,959,523 |
| Factory buildings | 850,000 | - | 850,000 | - | 850,000 | - | 850,000 | - | 69,672,227 |
| Vehicles | - | - | - | - | - | - | - | - | - |
| Machinery and equipment | 228,420,436 | 1,691,662 | - | 230,112,098 | 126,596,537 | 22,856,145 | - | 149,452,682 | 80,659,416 |
| Computers | 5,637,074 | 732,308 | - | 6,369,382 | 4,938,335 | 426,244 | - | 5,364,579 | 1,004,803 |
| Furniture and fixtures | 7,355,473 | 393,846 | - | 7,749,319 | 3,517,363 | 738,834 | - | 4,256,197 | 3,493,122 |
| Mechanical office equipment | 3,601,286 | 499,419 | - | 4,100,705 | 1,907,599 | 369,399 | - | 2,276,998 | 1,823,707 |
| Laboratory equipment | 8,172,494 | - | - | 8,172,494 | 4,937,556 | 817,248 | - | 5,754,805 | 2,417,690 |
| As at 31 March 2018 | 387,629,976 | 166,046,758 | 850,000 | 552,826,734 | 178,870,219 | 30,776,026 | 850,000 | 208,796,247 | 344,030,487 |



| | Amount in Taka | |
|---|--------------------|--------------------|
| | 31-Mar-19 | 31-Mar-18 |
| 6 Capital work-in-progress | | |
| Machinery and equipment | 26,728,849 | 5,816,885 |
| Software | 250,000 | 250,000 |
| Building- Valuka project | 59,977,838 | 921,797 |
| Pre-Operative Exp of Valuka Project- Regulatory fees | 1,265,713 | - |
| Mechanical Office Equipment | 2,408,973 | - |
| | 90,631,374 | 6,988,681 |
| 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 | 60,016,843 | 46,580,792 |
| Packing materials | 15,695,461 | 11,418,226 |
| Work in progress | 2,978,275 | 1,174,963 |
| Manufactured finished goods | 34,965,165 | 41,076,780 |
| Imported finished goods | 55,383,588 | 35,143,655 |
| Imported raw material in transit | 17,497,748 | 7,382,489 |
| Imported packing material in transit | - | 573,947 |
| Imported finished goods in transit | 5,947,612 | 20,936,676 |
| Provision for damage goods | (2,480,444) | (1,378,146) |
| Raw materials and Packing materials | (2,553,918) | (6,724,789) |
| Finished goods | | |
| | 187,450,330 | 156,184,593 |
| 8 Accounts receivable | | |
| Secured accounts receivable | 1,316,086 | 2,513,013 |
| Unsecured accounts receivable | 239,995,180 | 189,387,692 |
| Provision for bad debts | (10,109,757) | (7,122,199) |
| | 231,201,508 | 184,778,506 |
| 9 Advances, deposits and prepayments | | |
| Advances | | |
| Advance against service | - | 45,771 |
| Advance to employees | 4,430,212 | 4,699,791 |
| Advance to supplier | 1,470,000 | 5,708,193 |
| VAT current account | 13,302,982 | 10,185,931 |
| Deposits | | |
| Security deposit (Note # 09.01) | 1,967,500 | 946,901 |
| Advance against Import Duty | 14,702,788 | - |
| Import deposit | 270,566 | 146,671 |
| Prepayments | | |
| Office rent | 5,254,834 | 424,385 |
| Warehouse rent | - | 187,500 |
| Insurance | 4,300,846 | 3,787,496 |
| Other prepaid and deferred expense for materials | 3,193,436 | 3,176,959 |
| | 48,893,163 | 29,309,599 |
| 9.01 Security deposit | | |
| Security deposit to Titas Gas T&D Co. Ltd. | 277,500 | 486,901 |
| Security deposit to Dhaka Electric Supply Authority(DESA) | 240,000 | 240,000 |
| Security deposit for Pragati Insurance Ltd. | 200,000 | 200,000 |
| Security deposit to Linde Bangladesh Limited. | 20,000 | 20,000 |
| Security deposit to Office Rent. | 1,230,000 | - |
| | 1,967,500 | 946,901 |
| 10 Cash and cash equivalents | | |
| Cash in hand | 365,959 | 237,215 |
| Cash at bank: | | |
| The Hongkong and Shanghai Banking Corporation Limited | - | 8,083 |
| Standard Chartered | 51,978,986 | 82,694,602 |
| Citibank N.A. | 4,985,931 | 12,107,335 |
| | 57,330,876 | 95,047,235 |



| | Amount in Taka | | |
|---|--|-------------------------------------|---|
| | 31-Mar-19 | 31-Mar-18 | |
| 11 Share capital | | | |
| Authorized | | | |
| 50,00,000 ordinary shares of Taka 100 each | 500,000,000 | 500,000,000 | |
| Issued, subscribed and paid-up | | | |
| 3,526,945 ordinary shares of Taka 100 each | 352,694,500 | 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) | 3,544,000 | 3,526,800 | |
| | 352,694,500 | 352,677,300 | |
| 12 Share money deposits | | | |
| Pidilite International Pte. Ltd (Singapore) | - | 57 | |
| Pidilite Middle East Ltd (United Arab Emirates) | - | 17,280 | |
| | - | 17,337 | |
| 13 Deferred tax liabilities | | | |
| Deferred tax has been recognised and measured in accordance with the provision of IAS 12, Income taxes. | | | |
| Deferred tax arrived at as follows: | | | |
| | Carrying amount as at 31 March 2019 | Tax base as at 31 March 2019 | Taxable/ (deductible) Temporary difference |
| Property, plant and equipment | | | |
| Buildings | 64,104,062 | 16,034,131 | 48,069,930 |
| Vehicles | - | - | - |
| Machinery and equipment | 71,841,080 | 58,302,487 | 13,538,593 |
| Computers | 1,143,856 | 1,405,499 | (261,643) |
| Furniture and fixtures | 2,757,195 | 3,858,884 | (1,101,690) |
| Mechanical office equipment | 1,413,640 | 1,087,490 | 326,150 |
| Laboratory equipment | 1,600,439 | 1,242,699 | 357,740 |
| | 142,860,271 | 81,931,189 | 60,929,081 |
| Provision for doubtful debts | 10,109,757 | - | (10,109,757) |
| Net temporary difference | | | 50,819,324 |
| Tax rate | | | 35% |
| Deferred tax liability/ expense on temporary difference | | | 17,786,764 |
| Change in deferred tax assets and liability | | | |
| Opening balance | | 22,802,459 | 27,246,184 |
| Provision made during the year | | (5,015,695) | (4,443,725) |
| | | 17,786,764 | 22,802,459 |
| 14 Employee benefits expenses payable | | | |
| Employees' Retirement Gratuity (Note # 14.01) | | - | - |
| Workers' Profit Participation and Welfare Fund | | 8,641,204 | 7,977,606 |
| Wages | | 345,883 | 325,710 |
| Salary allowances | | 17,227,323 | 12,146,624 |
| | | 26,214,410 | 20,449,940 |
| 14.01 Employees' Retirement Gratuity | | | |
| Present value of defined benefit obligation | | 35,244,586 | 23,026,302 |
| Fair value of plan assets | | (35,244,586) | (23,026,302) |
| | | - | - |



| | Amount in Taka | |
|--|-------------------|-------------------|
| | 31-Mar-19 | 31-Mar-18 |
| Movement in the present value of the defined benefit obligation are as follows | | |
| Opening balance | 23,026,302 | 18,546,620 |
| Current service cost | 4,010,490 | 3,636,508 |
| Interest cost | 2,476,383 | 2,027,376 |
| Actuarial (Gain) / loss | | |
| Actuarial (gains)/ losses arising from changes in demographic assumption | 609,218 | (210,439) |
| Actuarial (gains)/ losses arising from changes in financial assumption | 9,750,851 | (1,533,567) |
| Actuarial (gains)/ losses arising from changes in experience adjustment | (4,085,209) | 916,013 |
| Benefits paid during the year | (678,153) | (356,209) |
| Acquisition/Divestiture | 134,704 | - |
| | 35,244,586 | 23,026,302 |
| Movement in the fair value of the plan assets are as follows | | |
| Opening balance | 23,026,302 | 18,546,620 |
| Contributions from employer | 12,254,428 | 4,514,012 |
| Adjustment for opening fair value | 75,066 | - |
| Expected Return on Plan Assets | 2,555,919 | - |
| Actuarial (Gain) / loss | (2,123,680) | - |
| Return on plan assets | - | 321,879 |
| Benefits paid during the year | (678,153) | (356,209) |
| Acquisition/Divestiture | 134,704 | - |
| | 35,244,586 | 23,026,302 |
| i) Net Benefit (Asset)/Liability | | |
| Defined benefit obligation | 35,244,586 | 23,026,302 |
| Fair value of plan assets | 35,244,586 | 23,026,302 |
| Net Benefit (Asset)/Liability | - | - |
| ii) Total expenses recognized in the statement of profit and loss | | |
| Current Service cost | 4,010,490 | 3,636,508 |
| Interest cost on benefit obligation (net) | (79,536) | 993,670 |
| Total expenses recognized in the statement of profit and loss | 3,930,954 | 4,630,178 |
| iii) Re-measurement effects recognised in other comprehensive income for the year | | |
| Actuarial (gains)/ losses arising from changes in demographic assumption | 609,218 | (210,439) |
| Actuarial (gains)/ losses arising from changes in financial assumption | 9,750,851 | (1,533,567) |
| Actuarial (gains)/ losses arising from changes in experience adjustment | (4,085,209) | 916,013 |
| Return on plan asset | 2,123,680 | 711,827 |
| Recognised in other comprehensive income | (8,398,540) | 116,166 |
| Actual return on plan assets | - | - |
| Assumptions employed for the valuations are as follows | | |
| Expected rate of salary increase | 9.00 | 8.00 |
| Discount rate | 7.65 | 11.10 |



| | Amount in Taka | |
|--|-------------------|-------------------|
| | 31-Mar-19 | 31-Mar-18 |
| 15 Provision for expenses | | |
| Professional fees | 184,000 | 253,000 |
| Security service | 108,150 | 108,150 |
| Utilities | 182,160 | 134,918 |
| Sales promotion | 18,540,627 | 19,757,729 |
| Advertisement and promotional material | - | 1,088,287 |
| Sales agent expenses | 578,630 | 1,075,038 |
| Travelling and conveyance | 505,000 | 1,178,532 |
| Audit fees | 1,476,850 | 206,000 |
| Freight outward | 1,081,746 | 934,315 |
| Petrol and oil | 230,500 | 230,500 |
| Telephone | 60,000 | 60,000 |
| Consumables materials | 27,000 | 27,000 |
| Withholding income tax and VAT payable | 692,416 | 417,823 |
| Liability for other expenses | 638,266 | 386,531 |
| | 24,305,344 | 25,857,823 |
| 16 Current tax liability | | |
| Provision for income tax (16.01) | 62,589,901 | 59,628,283 |
| Advance income tax (16.02) | (49,936,260) | (43,009,851) |
| | 12,653,641 | 16,618,432 |
| 16.01 Provision for income tax | | |
| Opening balance | 59,628,283 | 50,470,412 |
| Provision made during the year | 60,869,436 | 58,040,021 |
| Adjustment during the year | (57,907,818) | (48,882,150) |
| | 62,589,901 | 59,628,283 |
| 16.02 Advance income tax | | |
| Opening balance | 43,009,851 | 49,303,620 |
| Addition during the year | 64,834,228 | 42,588,381 |
| Adjustment during the year | (57,907,818) | (48,882,150) |
| | 49,936,260 | 43,009,851 |



17 Accounts payable

| | Amount in Taka | |
|---|-------------------|-------------------|
| | 31-Mar-19 | 31-Mar-18 |
| Bhuiyan Metal Works | 351,784 | 917,125 |
| The Care Pack Ltd. | 3,093,660 | 1,978,978 |
| Comilla Plastic Industry | 764,722 | 286,941 |
| Creative Packaging Industry | 1,417,606 | 772,757 |
| Fair Deal-Expenses | 1,286,440 | 2,187,310 |
| Ghorashal Containers Ltd. | 475,126 | 189,295 |
| Ghorashal Multilayer Plastic Packaging Ltd. | 278,873 | 212,518 |
| I R Limited | 3,517,316 | 2,126,129 |
| Juthi Enterprise | 559,625 | 2,645,994 |
| K. S. Printing & Packaging | 408,608 | 80,836 |
| Kashpia Printing & Packaging Ind. | 170,775 | 62,100 |
| Link3 Technologies Ltd. | 36,075 | 36,075 |
| Masud Glass House | 52,900 | 110,400 |
| Pidilite Industries Ltd. | 46,984,649 | 42,279,769 |
| Padma Cans And Closures Ltd. | 1,353,464 | 1,248,875 |
| Padma Lamitube Ltd. | 186,347 | 206,341 |
| Pragati Insurance Ltd. | 139,693 | 85,735 |
| Q Pail Limited | 534,220 | 507,926 |
| Rains.Com | 93,611 | 149,590 |
| Rupali Rent-A-Car | 52,900 | 52,900 |
| Z. R. Enterprise | 165,438 | 50,600 |
| Ahmed Mashuque & Co. | 28,750 | 28,750 |
| Engineers Solution & Ideas | 450,000 | - |
| Mediacom Ltd. | 8,212,725 | - |
| New Super Sign | 483,185 | - |
| Nirma Limited | 381,484 | - |
| Ruptex | 215,085 | - |
| Xclusive Can Limited. | 199,801 | - |
| A. J. R Transport Agency Ltd. | 254,191 | - |
| Badal & Co. | 1,988,718 | - |
| Hareesh Petrochem Singapore Pte Ltd. | 1,482,274 | - |
| Sears Construction & Engineers Ltd. | 1,362,731 | - |
| Sarker Steel Limited | 713,906 | - |
| Dhaka Metal Box | 108,651 | - |
| Paona Chempro Pvt. Ltd. | 248,850 | - |
| R P Industries | 197,803 | - |
| Ruhani Int'l Agency Ltd. | 51,100 | - |
| Akros Trading Co., Ltd. | - | 6,078,800 |
| Akram Chemical Traders | - | 50,749 |
| Al-Madina Plastic | - | 58,538 |
| Ata Husain Khan Limited. | - | 122,331 |
| Havas Media Bangladesh Ltd. | - | 1,495,168 |
| Holoplus Techno Systems Ltd. | - | 51,693 |
| Incom | - | 27,600 |
| Jm Enterprise | - | 40,251 |
| One Travels | - | 214,500 |
| Petrochem Middle East Fze | - | 9,242,682 |
| Ran's International | - | 45,531 |
| Rahman Accessories | - | 125,580 |
| Ricasil Industries | - | 896,373 |
| Ruhani International Agency Ltd. | - | 118,000 |
| S. R. Parcel Services Ltd. | - | 36,751 |
| Sincos Engineers Limited | - | 100,590 |
| Unique Products | - | 161,115 |
| Zonayed Enterprise-Supplier | - | 59,150 |
| | 78,303,085 | 75,142,345 |



| | Amount in taka | |
|---|----------------------|----------------------|
| | 2018-2019 | 2017-2018 |
| 18 Sales - net of VAT | | |
| Local sales | 871,440,055 | 760,477,806 |
| Export sales | 7,123,522 | 15,708,316 |
| Sale of imported finished goods | 358,551,398 | 293,931,113 |
| | 1,237,114,974 | 1,070,117,234 |
| 19 Other income | | |
| Gain on sale of assets | - | 300,000 |
| Sale of scrap | 1,968,431 | 1,842,710 |
| | 1,968,431 | 2,142,710 |
| 20 Cost of materials | | |
| Raw materials consumed (Note 20.01) | 288,860,279 | 255,660,453 |
| Packing materials consumed (Note 20.02) | 135,411,726 | 107,469,178 |
| Cost of materials | 424,272,006 | 363,129,631 |
| 20.01 Raw materials consumed | | |
| Opening stock | 46,580,792 | 34,894,102 |
| Add: Purchase during the year | 302,296,330 | 267,347,142 |
| Less: Closing stock | 60,016,843 | 46,580,792 |
| | 288,860,279 | 255,660,453 |
| 20.02 Packing materials consumed | | |
| Opening stock | 11,418,226 | 7,721,096 |
| Add: Purchase during the year | 139,688,962 | 111,166,307 |
| Less: Closing stock | 15,695,461 | 11,418,226 |
| | 135,411,726 | 107,469,178 |
| 21 Changes in inventory of finished goods and working progress | | |
| Cost of imported finished goods (Note 21.01) | 248,386,038 | 212,300,505 |
| Opening work-in-progress | 1,174,963 | 781,152 |
| Opening finished goods | 41,076,780 | 40,344,613 |
| Closing work-in-progress | (2,327,830) | (1,174,963) |
| Closing finished goods | (34,965,165) | (41,076,780) |
| Damage and obsolete materials | 3,054,155 | 1,103,574 |
| | 256,398,941 | 212,278,100 |
| 21.01 Cost of imported finished goods | | |
| Opening stock | 35,143,655 | 21,419,691 |
| Add: Purchase during the year | 268,625,971 | 226,024,469 |
| Less: Closing stock | 55,383,588 | 35,143,655 |
| | 248,386,038 | 212,300,505 |
| 22 Operating expenses | | |
| Travelling and conveyance | 480,476 | 193,047 |
| Rent others - bus rental | 1,834,321 | 1,758,370 |
| Repairs and maintenance | 1,814,830 | 1,752,622 |
| Consumable materials | 1,314,323 | 1,233,154 |
| Conventions, seminars and company meetings expense | 272,583 | 250,028 |
| Fuel and petrol | 593,566 | 651,424 |
| Stationery and office supplies | 391,324 | 279,421 |
| Security service charges | 2,078,663 | 1,921,442 |
| Cleaning expenses | 422,732 | 379,789 |
| Telephone and fax | 152,202 | 142,933 |
| Internet expenses | 131,242 | 107,484 |
| Electricity charges | 2,657,728 | 2,495,786 |
| Gas charges | 609,194 | 595,715 |
| Entertainment | 759,556 | 647,489 |
| Insurance | 3,823,944 | 3,589,602 |
| Testing and certification expenses | 40,350 | 103,795 |
| Factory staff health check up expense | 191,725 | 275,814 |
| Office maintenance and supplies | 669,298 | 386,983 |
| | 18,238,057 | 16,764,898 |



| | Amount in taka | |
|--|--------------------|--------------------|
| | 2018-2019 | 2017-2018 |
| 23 Administrative expenses | | |
| Insurance | 1,514,872 | 1,545,959 |
| Recruitment expenses | 37,763 | 65,225 |
| Travelling and conveyance | 1,676,212 | 1,621,398 |
| Overseas travelling | 138,256 | 148,088 |
| Office rent | 2,409,829 | 2,055,792 |
| Rent others - bus rental | 742,490 | 795,958 |
| Repairs and maintenance | 317,628 | 242,313 |
| Fuel and petrol | 786,493 | 857,497 |
| License, registration and membership | 1,138,119 | 1,015,874 |
| Audit fees | 1,476,849 | 206,000 |
| Audit fees for PF, GF & WPPF | 69,000 | 69,000 |
| Professional fees | 1,081,878 | 806,747 |
| Stationeries | 411,495 | 348,571 |
| Postage | 92,816 | 220,338 |
| Telephone and fax | 231,256 | 206,566 |
| Internet expenses | 218,900 | 220,300 |
| Data processing services charges | 2,722,504 | 2,367,119 |
| Electricity bill | 211,699 | 161,295 |
| Books and periodicals | 25,562 | 18,650 |
| Vehicles insurance | - | 15,196 |
| Royalty (Note : 23.01) | 21,964,089 | 19,404,653 |
| Land tax and rates | 140,550 | 6,200 |
| Entertainment | 826,896 | 584,720 |
| Bank charges | 968,819 | 943,822 |
| Office maintenance and supplies | 1,017,796 | 764,094 |
| Bad debts | 3,037,558 | 3,698,984 |
| | 43,259,329 | 38,390,358 |
| 23.01 Royalty | | |
| Local sales | 871,440,055 | 760,477,806 |
| Export sales | 7,123,522 | 15,708,316 |
| Net revenue for royalty purposes | 878,563,576 | 776,186,121 |
| Royalty @ 2.5% on the net revenue | 21,964,089 | 19,404,653 |



| | Amount in taka | |
|--|--------------------|--------------------|
| | 2018-2019 | 2017-2018 |
| 24 Selling and distributing expenses | | |
| Sample expense | 525,440 | 883,261 |
| Convention and exhibit expense | 9,791,087 | 9,410,939 |
| Bill board | 933,739 | 1,443,074 |
| Press advertising | - | 693,160 |
| Digital advertising | 239,997 | - |
| TV and radio advertising | 13,533,240 | 490,000 |
| Sales promotion expenses | 52,277,855 | 43,581,002 |
| Promotional items | 5,784,001 | 2,946,472 |
| Warehouse rent | 2,654,350 | 2,275,152 |
| Literature and promotional materials | 10,717,284 | 9,635,737 |
| Delivery expenses | 19,684,048 | 18,099,719 |
| Van subsidy for remote region | 72,450 | - |
| Insurance | 691,498 | 496,259 |
| Postage | 93,943 | 105,976 |
| Travelling and conveyance | 16,072,569 | 15,885,934 |
| Overseas travelling | 1,142,181 | 449,060 |
| Seminars and company meetings expense | 2,998,879 | 3,352,170 |
| Telephone and fax | 1,288,446 | 1,044,555 |
| Sales agents expenses | 7,837,492 | 19,117,515 |
| Electricity | 74,430 | 64,197 |
| Security service charges | 339,192 | 341,121 |
| Internet | 90,750 | 85,980 |
| Fuel and petrol | 1,597,491 | 1,444,847 |
| | 148,440,363 | 131,846,130 |
| 25 Employee benefits expenses | | |
| Salary and allowances | 125,607,546 | 101,786,144 |
| Wages | 4,403,540 | 3,758,123 |
| Employees' retirement gratuity | 3,855,888 | 4,514,012 |
| Group insurance | 1,545,434 | 1,441,156 |
| Workers' Profit Participation and Welfare Fund | 8,641,204 | 7,977,606 |
| Directors remuneration | 64,000 | 69,000 |
| Employee training | 81,375 | 53,825 |
| | 144,198,987 | 119,599,866 |
| 26 Basic earnings per share (EPS) | | |
| Profit after tax | 116,970,337 | 105,955,816 |
| Number of shares | 3,526,945 | 3,526,773 |
| Basic EPS | 33.16 | 30.04 |
| 27 Particulars of employee | | |
| <i>Nationality:</i> | | |
| Bangladeshi | 136 | 118 |
| Non-Bangladeshi | 2 | 2 |
| | 138 | 120 |
| <i>Salary range:</i> | | |
| Monthly Taka 3,000 or above | 138 | 120 |
| Monthly below Taka 3,000 | - | - |
| | 138 | 120 |



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 IAS 24 : *Related Party Disclosure* .

| Name of the related party transaction | Nature of transaction | Relationship | Transaction during the year 18-19 | | Amount due/(receivable) as at 31 March 2018 |
|---------------------------------------|---------------------------------------|--|-----------------------------------|-------------------------|---|
| | | | Transaction value | Amount due/(receivable) | |
| Pidilite Industries Ltd., India | Purchase of finished goods | Parent company through wholly owned subsidiaries | 187,170,270 | 18,341,044 | 10,451,753 |
| | Purchase of raw and packing materials | | 42,694,364 | 4,183,673 | 10,115,773 |
| | Royalties | | 21,964,088 | 21,964,088 | 19,404,652 |
| | Expenses against service | | 2,495,844 | 2,495,844 | 2,307,591 |
| Pidilite Lanka (Private) Limited | Sale of finished goods | Subsidiaries of Parent company through wholly owned subsidiaries | 2,086,664 | (697,766) | (346,291) |

29 Capital expenditure commitment

There is no such commitment as at 31 March 2019.



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 on-going 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 2019 | As at 31 March 2018 |
| Accounts receivables | 231,201,508 | 184,778,506 |
| Investment in FDR | - | 20,000,000 |
| Advances, deposits and prepayments | 48,893,163 | 29,309,599 |
| Advances, deposits and prepayments (except receivable from Govt.) | 35,590,182 | 19,123,668 |
| Bank balances(except cash in hand) Note # 10 | 56,964,917 | 94,810,020 |
| | 372,649,771 | 348,021,792 |

b) Ageing of accounts receivables

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

| | | |
|----------------------|--------------------|--------------------|
| Due below six months | 229,005,209 | 184,870,611 |
| Due over six months | 12,306,056 | 7,030,094 |
| | 241,311,265 | 191,900,705 |

• 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 2019 | | | | | |
|------------------------------------|--------------------|------------------------|----------------------|---------------------|-------------|
| Current liabilities | Carrying amount | Contractual cash flows | 3 months or less | 3-6 months | 6-12 months |
| Employee benefits expenses payable | 26,214,410 | (26,214,410) | (26,214,410) | - | - |
| Provision for expenses | 24,305,344 | (24,305,344) | (24,305,344) | - | - |
| Current tax liabilities | 12,653,641 | (12,653,641) | - | (12,653,641) | - |
| Accounts payables | 78,303,085 | (78,303,085) | (78,303,085) | - | - |
| | 141,476,481 | (141,476,481) | (128,822,840) | (12,653,641) | - |

| As at 31 March 2018 | | | | | |
|-------------------------|--------------------|------------------------|----------------------|------------|---------------------|
| Current liabilities | Carrying amount | Contractual cash flows | 3 months or less | 3-6 months | 6-12 months |
| Employee benefits | 20,449,940 | (20,449,940) | (20,449,940) | - | - |
| Provision for expenses | 25,857,823 | (25,857,823) | (25,857,823) | - | - |
| Current tax liabilities | 16,618,432 | (16,618,432) | - | - | (16,618,432) |
| Accounts payables | 75,142,345 | (75,142,345) | (75,142,345) | - | - |
| | 138,068,540 | (138,068,540) | (121,450,107) | - | (16,618,432) |

• **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 5,064,179 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 | |
|----------------|------------------|------------------|
| | 2018-2019 | 2017-2018 |
| Office rent | 2,409,829 | 2,055,792 |
| Warehouse rent | 2,654,350 | 2,275,152 |
| | 5,064,179 | 4,330,944 |




32 Contingent Liability

During the year 31 March 2019, There has no contingent liability.



Head of Finance



Director



Pidilite Speciality Chemicals Bangladesh Private Ltd.
Statement of profit or loss and other comprehensive income
For the year ended 31 March 2019

Annexure 1

| | Amount in Taka | | | Total |
|--|-----------------------------|------------------|------------------------------------|--------------------|
| | Sales of manufactured goods | | Trading of imported finished goods | |
| | Local Sales | Export Sales | | |
| Total sales ratio | 70% | 1% | 29% | 100% |
| MFG sales to Local & Export ratio | 99% | 1% | | |
| Total Sales - net of VAT | 871,440,055 | 7,123,522 | 358,551,398 | 1,237,114,974 |
| Other income | 1,968,431 | - | - | 1,968,431 |
| | 873,408,486 | 7,123,522 | 358,551,398 | 1,239,083,405 |
| Less: Expenditure | | | | |
| Cost of materials | 420,831,946 | 3,440,059 | - | 424,272,006 |
| Changes in inventory of finished goods and | 8,012,903 | | 248,386,038 | 256,398,941 |
| Operating expenses | 18,090,181 | 147,877 | - | 18,238,057 |
| Administrative expenses | | | | |
| Insurance | 1,069,624 | 6,195 | 439,053.35 | 1,514,872 |
| Recruitment expenses | 26,664 | 154 | 10,944.80 | 37,763 |
| Travelling and conveyance | 1,183,543 | 6,855 | 485,814 | 1,676,212 |
| Overseas travelling | 97,620 | 565 | 40,070.55 | 138,256 |
| Security service charges | - | - | - | - |
| Office rent | 1,701,537 | 9,854 | 698,438 | 2,409,829 |
| Rent others - bus rental | 524,259 | 3,036 | 215,195 | 742,490 |
| Repairs and maintenance | 315,799 | 1,829 | - | 317,628 |
| Fuel and petrol | 781,964 | 4,529 | - | 786,493 |
| License, registration and membership | 1,131,566 | 6,553 | - | 1,138,119 |
| Audit fees | 1,408,691 | 8,158 | 60,000 | 1,476,849 |
| Audit fees for PF, GF & WPPF | 48,720 | 282 | 19,998 | 69,000 |
| Professional fees | 1,075,648 | 6,230 | - | 1,081,878 |
| Stationeries | 290,549 | 1,683 | 119,263 | 411,495 |
| Postage | 65,536 | 380 | 26,901 | 92,816 |
| Telephone and fax | 163,286 | 946 | 67,025 | 231,256 |
| Internet expenses | 154,561 | 895 | 63,443 | 218,900 |
| Data processing services charges | 2,382,008 | 13,795 | 326,700 | 2,722,504 |
| Electricity bill | 149,477 | 866 | 61,356 | 211,699 |
| Books and periodicals | 25,415 | 147 | - | 25,562 |
| Vehicles insurance | - | - | - | - |
| Royalty (Note : 23.01) | 21,837,616 | 126,473 | - | 21,964,089 |
| Land tax and rates | 139,741 | 809 | - | 140,550 |
| Entertainment | 583,716 | 3,381 | 239,800 | 826,896 |
| Bank charges | 684,066 | 3,962 | 280,792 | 968,819 |
| Office maintenance and supplies | 1,011,935 | 5,861 | - | 1,017,796 |
| Bad debts | 3,037,558 | - | - | 3,037,558 |
| | 39,891,097 | 213,438 | 3,154,794 | 43,259,329 |
| Selling and distributing expenses | | | | |
| Sample expense | 522,415 | 3,026 | - | 525,440 |
| Convention and exhibit expense | 6,913,311 | 40,039 | 2,837,738 | 9,791,087 |
| Bill board | 928,362 | 5,377 | - | 933,739 |
| Press advertising | - | - | - | - |
| Digital Advertising | 169,457 | 981 | 69,558 | 239,997 |
| TV and radio advertising | 9,553,272 | 55,328 | 3,924,639.60 | 13,533,240 |
| Sales promotion expenses | 43,921,859 | 254,374 | 8,101,622 | 52,277,855 |
| Promotional items | 4,083,979 | 23,652 | 1,676,369 | 5,784,001 |
| Warehouse rent | 1,874,189 | 10,854 | 769,307 | 2,654,350 |
| Literature and promotional materials | 10,655,573 | 61,712 | - | 10,717,284 |
| Delivery expenses | 15,747,238 | - | 3,936,810 | 19,684,048 |
| Van subsidy for remote region | 51,156 | 296 | 20,998 | 72,450 |
| Insurance | 488,254 | 2,828 | 200,416 | 691,498 |
| Postage | 66,331 | 384 | 27,227 | 93,943 |
| Travelling and conveyance | 11,348,552 | 65,725 | 4,658,291 | 16,072,569 |
| Overseas travelling | 806,473 | 4,671 | 331,037 | 1,142,181 |
| Seminars and company meetings expense | 2,117,455 | 12,263 | 869,161 | 2,998,879 |
| Trade Fair and Exhibition Expenses | - | - | - | - |
| Telephone and fax | 909,749 | 5,269 | 373,429 | 1,288,446 |
| Sales agents expenses | 5,533,912 | 32,050 | 2,271,530 | 7,837,492 |
| Electricity | 52,554 | 304 | 21,572 | 74,430 |
| Security service charges | 239,497 | 1,387 | 98,308 | 339,192 |
| Internet | 64,077 | 371 | 26,302 | 90,750 |
| Fuel and petrol | 1,127,960 | 6,533 | 462,999 | 1,597,491 |
| | 117,175,626 | 587,425 | 30,677,312 | 148,440,363 |
| Employee benefits expenses | 101,816,314 | 589,671 | 41,793,002 | 144,198,987 |
| Depreciation | 31,205,789 | 180,729 | 154,309 | 31,540,827 |
| Operating profit for the year | 136,384,630 | 1,964,323 | 34,385,943 | 172,734,895 |
| Add: Interest income | 203,878 | 1,181 | - | 205,059 |
| Less: Interest on overdraft | (115,210) | (667) | - | (115,877) |
| Profit before income tax for the year | 136,473,299 | 1,964,836 | 34,385,943 | 172,824,078 |

