

KHANNA & PANCHMIA

CHARTERED ACCOUNTANTS

303/304, Shyamkamal “D”, Tejpal Road, Vile Parle East, Mumbai-400 057

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INDEPENDENT AUDITORS’ REPORT

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Pidilite Chemicals PLC** (“the Company”), which comprise the Balance Sheet as at 31st March, 2020 and the Statement of Profit and Loss for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the relevant law 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.

We conducted our audit in accordance with the Standards on Auditing. 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 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 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020 and its Loss for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. 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 have been kept by the Company so far as it appears from our examination of those books.

- (c) The Balance Sheet and Statement of Profit and Loss 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 generally accepted in India.

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

Ketan Panchmia
Partner
Membership No. 038985

Date: 03rd June 2020
Place: Mumbai

UDIN No.: 20038985AAAAHW1396

Pidilite Chemical PLC
Balance Sheet as at Year ended 31, March 2020

Particulars	Note	April 19- March 20	April 18- March 19
		BIRR	BIRR
ASSETS			
1. Non-current assets			
Property, Plant and Equipment	1	1,42,49,303	1,01,920
Capital work-in-progress	2	38,01,311	1,86,86,958
		1,80,50,614	1,87,88,878
		1,80,50,614	1,87,88,878
2. Current Assets			
Financial Assets (Current)			
Trade receivables	3	1,21,024	1,55,325
Cash and cash equivalents	4	9,16,831	19,60,311
Loans	5	8,272	11,855
		10,46,127	21,27,491
Other Non - current assets	6	688	688
		10,46,815	21,28,179
TOTAL ASSETS		1,90,97,429	2,09,17,057
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	7	1,57,42,390	1,25,32,800
(b) Reserve & Surplus	8	(99,84,892)	(58,28,090)
Total Equity		57,57,498	67,04,710
LIABILITIES			
1. Non-current liabilities			
(a) Financial Liabilities			
Other financial liabilities	9	1,28,25,000	1,28,25,000
		1,28,25,000	1,28,25,000
2. Current Liabilities			
(a) Financial Liabilities			
Other financial liabilities	10	5,11,213	13,85,786
		5,11,213	13,85,786
Other current liabilities	11	3,719	1,561
		5,14,932	13,87,347
Total Liabilities		1,33,39,932	1,42,12,347
TOTAL		1,90,97,429	2,09,17,057

Notes forming part of the Financial Statements

For KHANNA & PANCHMIA
 CHARTERED ACCOUNTANTS

For and on behalf of the board
 PIDILITE CHEMICAL PLC

Ketan J Panchmia
 PARTNER
 Membership no. 38985

Pidilite Chemical PLC**Profit and Loss Account for the Year ended 31, March 2020**

Particulars	Note	April 19- March 20	April 18- March 19
		BIRR	BIRR
INCOME			
Other Income	12	63,410	1,89,370
Total Income		63,410	1,89,370
EXPENSES			
Employee Benefits Expense	13	26,00,155	24,15,957
Finance Costs	14	16,875	16,875
Depreciation and Amortization Expense	15	8,52,617	35,974
Other Expenses	16	13,32,264	12,64,650
Total Expenses		48,01,910	37,33,455
Reimbursement received		(5,81,698)	(5,57,466)
Profit/(loss)before Exceptional Items and Tax		(41,56,802)	(29,86,619)
Profit before Tax		(41,56,802)	(29,86,619)
Profit/(loss) for the year		(41,56,802)	(29,86,619)

Notes forming part of the Financial Statements

**For KHANNA & PANCHMIA
CHARTERED ACCOUNTANTS****For and on behalf of the board
PIDILITE CHEMICAL PLC****Ketan J Panchmia
PARTNER
Membership no. 38985**

Pidilite Chemical PLC

Notes to financials as at Year ended 31, March 2020.

Property, plant and equipment Schedule

1 & 2. Property, plant and equipment	Leasehold Land	Furniture & fixtures	Office equipment	Vehicles	Capital work in progress	Total
Gross Block						
Opening Balance	-	97,102	59,449	-	1,86,86,958	1,88,43,509
Additions	1,50,00,000	-	-	-	1,14,353	1,51,14,353
Disposals/Transfers	-	-	-	-	(1,50,00,000)	(1,50,00,000)
Translation adjustment	-	-	-	-	-	-
Closing Balance	1,50,00,000	97,102	59,449	-	38,01,311	1,89,57,862
Accumulated Depreciation						
Opening Balance	-	-	54,631	-	-	54,631
Depreciation expense	8,16,781	-	35,836	-	-	8,52,617
Disposals/Transfers	-	-	-	-	-	-
Translation adjustment	-	-	-	-	-	-
Closing Balance	8,16,781	-	90,467	-	-	9,07,248
Net Block	1,41,83,219	97,102	(31,018)	-	38,01,311	1,80,50,614

Notes to financials as at Year ended 31, March 2019.

1 & 2. Property, plant and equipment	Leasehold Land	Furniture & fixtures	Office equipment	Vehicles	Capital work in progress	Total
Gross Block						
Opening Balance	-	87,058	49,649	-	1,60,78,582	1,62,15,289
Additions	-	10,044	9,800	-	26,08,376	26,28,220
Disposals/Transfers	-	-	-	-	-	-
Translation adjustment	-	-	-	-	-	-
Closing Balance	-	97,102	59,449	-	1,86,86,958	1,88,43,509
Accumulated Depreciation						
Opening Balance	-	-	18,657	-	-	18,657
Depreciation expense	-	-	35,974	-	-	35,974
Disposals/Transfers	-	-	-	-	-	-
Translation adjustment	-	-	-	-	-	-
Closing Balance	-	-	54,631	-	-	54,631
Net Block	-	97,102	4,818	-	1,86,86,958	1,87,88,878

Pidilite Chemical PLC

Notes to financials as at Year ended 31, March 2020.

Particulars	As at 31st March 2020	As at 31st March 2019
	BIRR	BIRR
3. Trade receivables		
Receivable from Pidilite Industries Ltd	1,21,024	1,55,325
TOTAL	1,21,024	1,55,325
4. Cash and Cash Equivalents		
Balance with banks		
In Current Account	9,16,831	19,60,311
TOTAL	9,16,831	19,60,311
5. Short Term Loans & Advances		
Loans and Advances to Employees and Others	8,272	11,855
TOTAL	8,272	11,855
6. Other Current Non financial Assets		
Advances to vendors:	688	688
TOTAL	688	688
7. Equity Share Capital		
Authorised Share Capital :		
Equity Shares 125,328 each of 100 Birr (Previous year share 62,696 each of 100 Birr)		
TOTAL		
Issued, Subscribed and Paid up Share Capital :		
Equity Shares 139,922 each of 100 Birr (Previous year share 125,328 each of 100 Birr)	1,39,92,200	1,25,32,800
Share Application Money	17,50,190	
TOTAL	1,57,42,390	1,25,32,800
8. Reserves and Surplus		
Surplus in Statement of Profit and Loss		
Balance as per last financial statements (Surplus)	(58,28,090)	(28,41,471)
Add: Net Profit/(Net Loss) for the year	(41,56,802)	(29,86,619)
Closing balance (Surplus)	(99,84,892)	(58,28,090)
Total Reserves	(99,84,892)	(58,28,090)
9. Other Non-current financial liabilities		
Other financial liabilities - Leasehold land obligation	1,28,25,000	1,28,25,000
TOTAL	1,28,25,000	1,28,25,000
10. Other Current Financial Liabilities		
Accrued liabilities for expenses	5,11,213	4,66,884
Capital Creditors	-	9,18,902
TOTAL	5,11,213	13,85,786
11. Other Current Non financial Liabilities		
Statutory remittances	3,719	1,561
TOTAL	3,719	1,561

Pidilite Chemical PLC

Notes to financials as at Year ended 31, March 2020.

Particulars	April 19- March 20	April 18- March 19
	BIRR	BIRR
12. Other Income		
Other Non-Operating Income:		
Profit on Foreign Exchange	63,410	1,89,370
Total	63,410	1,89,370
13. Employee Benefits Expense		
Salaries and Wages	26,00,155	24,15,957
Total	26,00,155	24,15,957
14. Finance Costs		
Interest expense on:		
Others	16,875	16,875
Total	16,875	16,875
15. Depreciation and Amortization		
Depreciation on tangible assets	8,52,617	35,974
Total	8,52,617	35,974
16. Other Expenses		
Rent	7,57,776	7,18,976
Travelling and Conveyance Expenses	2,49,365	1,98,444
Communication Expenses	61,913	74,339
Legal, Professional and Consultancy fees	1,80,101	1,69,628
Security exps	19,500	20,600
Miscellaneous expenses	54,017	74,953
Printing and Stationery	9,592	7,710
Total	13,32,264	12,64,650

Pidilite Chemicals PLC

Notes to the Financial Statements

March 31, 2020

1 Legal Status, Management and Business Activity

Pidilite Chemicals PLC is a Limited Liability Company incorporated on December 10th 2014.

The Company is formed to carry on manufacturing and trading of adhesives, sealants and construction chemical products.

2 Basis of Preparation of Financial Statements

These financial statements are prepared on a going concern basis. They are presented in Birr, currency unit of Eithopia.

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

Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Going Concern Assumption

The retained losses have exceeded its share capital of the Company. The financial statements of the Company are being prepared on a going concern basis as the shareholders have undertaken to provide continued financial support to the Company to meet its capital requirements. The Management has no intention to liquidate or discontinue with its operations. The assets and liabilities are recorded on the basis that the Company will be able to realise its assets and discharge its liabilities in the normal course of business.

3 Summary of Significant Accounting Policies

Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of sales returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria has been met for the Company activities.

Sale of goods are recognised when the Company sells a product to the customer as control passes to the customer on the day the transaction takes place, in terms of the product being delivered to the customer or the customer accepts the products in accordance with the terms of sale.

Financial Instruments

Financial assets are recognised when the Company becomes a party to the contractual provision of the financial instrument. Financial assets are derecognised when the contractual rights to receive the cash flows expire or substantially all the risks and rewards of ownership have been transferred. These are stated at cost less impairment losses. These are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. The Company derecognises financial liabilities when they are discharged, cancelled or expired. These are stated at cost, or where the impact is material at amortised cost using the effective interest method. These are included in current liabilities, except for maturities greater than 12 months after the balance sheet which are classified as non-current liabilities.

Financial instruments comprise of trade and other receivables, trade and other payable, amounts due to related parties and short term bank borrowings.

Cash and Cash Equivalents

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

Borrowings

Borrowings are recognised at the transaction price, including transaction costs. Interest expense is recognised on the basis of the effective interest method and is included in finance cost.

Provisions

Provisions are recognised when the Company has a present obligation as a result of past event and it is probable that the outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of the amount expected to be required to settle the obligation and the risk specific to the obligation.

Foreign Currencies Translations

The financial statements are presented in Birr, which is the Company's functional currency and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year - end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Pidilite Chemical PLC

Cash flow statement

Particulars	March -20	March -19
	BIRR	BIRR
Cash from Operations		
Profit/(Loss) Before Tax	(41,56,802)	(29,86,619)
Dividend declared out of Reserves		
Net Profit after Tax	(41,56,802)	(29,86,619)
Add: Non cash expenses		
Depreciation \ Amortisation	8,52,617	35,974
Net cash Profit & loss account	(33,04,186)	(29,50,645)
Movement in Working Capital	84,371	(51,991)
(Increase) \ Decrease in working capital		
(Increase) / Decrease in Inventory		
(Increase) / Decrease in Trade receivable	34,301	(29,064)
(Increase) / Decrease in Other Current Assets	-	-
(Increase) / Decrease in Loans & Advances	3,583	(7,425)
Increase / (Decrease) in Sundry Creditors	-	-
Increase / (Decrease) in Liabilities for expenses	46,487	(15,502)
Net cash from operating activities	(32,19,815)	(30,02,636)
Cash from Investments		
Purchase of Fixed Assets	(10,33,255)	(17,09,318)
Net cash from investment activities	(10,33,255)	(17,09,318)
Cash from Financing		
Infusion of equity share capital	32,09,590	-
Net cash from financing activities	32,09,590	-
Net Inflow \ (Outflow) of cash in business	(10,43,480)	(47,11,954)
Add : Opening cash balance	19,60,311	66,72,265
Closing Cash Balance	9,16,831	19,60,311
Actual cash balance as per books	9,16,831	19,60,311