

**Pidilite East Africa Limited**  
**Annual Report and Financial Statements**  
**for the 13 months period ended March 31, 2020**

# Pidilite East Africa Limited

Annual Report And Financial Statements for the 13 months period ended March 31, 2020

## General Information

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Country of incorporation and domicile	Kenya
Date of incorporation	February 20, 2019
Directors	Prabhakar Jain Rakesh Kumar Rao Rajesh Kumar Reddy Cheemarla Amit Kiritkumar Patel Hussein Haiderali Ramji Jivraj Hasit Mahendra Patel Naresh Sundardas Dhanwani
Registered office	L.R. No. 1338/167 6th Floor, Odyssey Building Muthithi Road, Westlands P.O. Box 18092-00500 Nairobi
Principal banker	I&M Bank Limited Kenyatta Avenue Branch P.O. Box 30238-00100 Nairobi
Independent auditor	Grant Thornton Certified Public Accountants (Kenya) 5th Floor, Avocado Towers Muthithi Road, Westlands P.O. Box 46986-00100 Nairobi
Company secretary	Mutual Registrars Associates Certified Public Secretaries (K) P.O. Box 45669-00100 Nairobi
Company registration number	PVT-9XUL3LM
Tax reference number	P051764900D

# Pidilite East Africa Limited

Annual Report And Financial Statements for the 13 months period ended March 31, 2020

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# Pidilite East Africa Limited

Annual Report And Financial Statements for the 13 months period ended March 31, 2020

## Directors' Report

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The directors submit their first report together with the audited annual report and financial statements for the 13 months period ended March 31, 2020.

In accordance with section 624 (3) of the Kenyan Companies Act, 2015, this directors' report has been prepared using the guidelines of the small companies regime.

### 1. Principal activities

The principal activity of the company is manufacture of water proofing solutions. The company operates principally in Kenya.

### 2. Business review of financial results and activities

The annual report and financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Kenyan Companies Act, 2015.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual report and financial statements.

### 3. Share capital

Refer to note 10 of the annual report and financial statements for detail of the movement in authorised and issued share capital.

### 4. Dividends

The board of directors do not recommend the declaration of a dividend for the year ended March 31, 2020.

### 5. Directors

The directors in office at the date of this report are as follows:

Prabhakar Jain  
Rakesh Kumar Rao  
Rajesh Kumar Reddy Cheemarla  
Amit Kiritkumar Patel  
Hussein Haiderali Ramji Jivraj  
Hasit Mahendra Patel  
Naresh Sundardas Dhanwani

### 6. Events after the reporting period

The financial statements were prepared based on management estimates and judgement as at the reporting date. Subsequent to year-end, there has been a coronavirus (COVID-19) outbreak which may have an impact on those estimates due to change in the business environment in which the company operates. However, due to the level of uncertainty resulting from the outbreak, management is currently assessing the impact.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

### 7. Statement of disclosure to the company's auditors

With respect to each person who is a director on the day that this report is approved:

- there is, so far as the person is aware, no relevant audit information of which the company's auditors are unaware; and
- the person has taken all the steps that he or she ought to have taken as a director to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### 8. Terms of appointment of the auditors

Grant Thornton has been appointed and express their willingness to continue in accordance with the company's Articles of Association and Section 717 of the Kenyan Companies Act, 2015. The directors monitor the effectiveness, objectivity and independence of the auditors. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees.

# Pidilite East Africa Limited

Annual Report And Financial Statements for the 13 months period ended March 31, 2020

## Directors' Report

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### 9. Approval of annual report and financial statements

The annual report and financial statements set out on pages 8 to 19, which have been prepared on the going concern basis, were approved by the board of directors on May 14, 2020, and were signed on its behalf by:



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Rakesh Kumar Rao  
(Director)

# Pidilite East Africa Limited

Annual Report And Financial Statements for the 13 months period ended March 31, 2020

## Statement of Directors' Responsibilities

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The Kenyan Companies Act, 2015 requires the directors to prepare annual report and financial statements for each financial 13 months period that give a true and fair view of the financial position of the company as at the end of the financial 13 months period and of its profit or loss for that 13 months period. It also requires the directors to ensure that the company maintains proper accounting records that are sufficient to show and explain the transactions of the company and disclose, with reasonable accuracy, the financial position of the company. The directors are also responsible for safeguarding the assets of the company, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and presentation of these annual report and financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

- designing, implementing and maintaining such internal controls as they determine necessary to enable the presentation of annual report and financial statements that are free of material misstatement, whether due to fraud or error;
- selecting suitable accounting policies and applying them consistently; and
- making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assessment of the company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the company's ability to continue as a going concern.

The directors acknowledge that the independent audit of the annual report and financial statements does not relieve them of their responsibilities.

The annual report and financial statements set out on pages 8 to 19, which have been prepared on the going concern basis, were approved by the board of directors on May 14, 2020 and were signed on its behalf by:



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Rakesh Kumar Rao  
(Director)



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Rajesh Kumar Reddy Cheemarla  
(Director)

## Independent Auditor's Report

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To the shareholder of Pidilite East Africa Limited

### Report on the Audit of the Annual Report And Financial Statements

#### Opinion

We have audited the annual report and financial statements of Pidilite East Africa Limited (the company) set out on pages 8 to 19, which comprise the statement of financial position as at March 31, 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the 13 months period then ended, and notes to the annual report and financial statements, including a summary of significant accounting policies.

In our opinion, the annual report and financial statements present fairly, in all material respects, the financial position of Pidilite East Africa Limited as at March 31, 2020, and its financial performance and cash flows for the 13 months period then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Kenyan Companies Act, 2015.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual report and financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1 and 3) (IESBA Code) and other independence requirements applicable to performing audits of annual report and financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Kenya. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Pidilite East Africa Limited annual report and financial statements for the 13 months period ended March 31, 2020", which includes the Directors' Report as required by the Kenyan Companies Act, 2015, which we obtained prior to the date of this report. The other information does not include the annual report and financial statements and our auditor's report thereon.

Our opinion on the annual report and financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual report and financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual report and financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the directors for the Annual Report And Financial Statements

The directors are responsible for the preparation and fair presentation of the annual report and financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Kenyan Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of annual report and financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual report and financial statements, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## Independent Auditor's Report

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### Auditor's responsibilities for the audit of the Annual Report And Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual report and 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 International Standards on Auditing 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 annual report and financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:


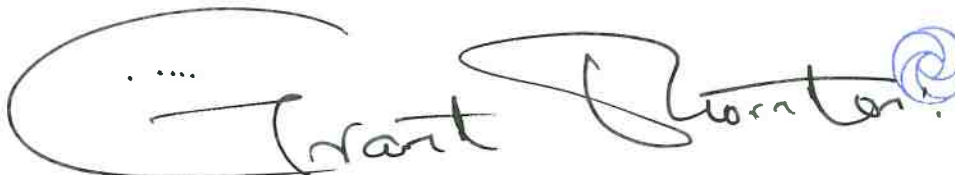
- Identify and assess the risks of material misstatement of the annual report and financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk 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 the directors.
- Conclude on the appropriateness of the directors' 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. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual report and financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual report and financial statements, including the disclosures, and whether the annual report and financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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 our opinion the information given in the report of the directors on page 3 - 4 is consistent with the annual report and financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report was A. K. Siele - P/No 1690.

 Grant Thornton  
Certified Public Accountants

Grant Thornton  
Certified Public Accountants (Kenya)  
Nairobi

3<sup>RD</sup> JUNE 2020

P/138/0320/148/0520/AUD



## Pidilite East Africa Limited

Annual Report And Financial Statements for the 13 months period ended March 31, 2020

### Statement of Profit or Loss and Other Comprehensive Income

Figures in Shillings	Note(s)	13 months ended 31 March 2020
Other income	2	883,645
Operating expenses	3	(8,519,208)
<b>Operating loss</b>		<b>(7,635,563)</b>
<b>Loss before taxation</b>		<b>(7,635,563)</b>
Taxation	5	(42,675)
<b>Loss for the 13 months period</b>		<b>(7,678,238)</b>
Other comprehensive income		-
<b>Total comprehensive loss for the 13 months period</b>		<b>(7,678,238)</b>

The accounting policies on pages 12 to 15 and the notes on pages 16 to 19 form an integral part of the annual report and financial statements.

# Pidilite East Africa Limited

Annual Report And Financial Statements for the 13 months period ended March 31, 2020

## Statement of Financial Position as at March 31, 2020

Figures in Shillings	Note(s)	31 March 2020
<b>Assets</b>		
<b>Non-Current Assets</b>		
Plant and equipment	7	29,454,803
<b>Current Assets</b>		
Trade and other receivables	8	5,709,960
Cash and cash equivalents	9	24,923,858
		<u>30,633,818</u>
<b>Total Assets</b>		<u>60,088,621</u>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Share capital	10	65,000,000
Accumulated loss		(7,678,238)
		<u>57,321,762</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade and other payables	11	2,724,184
Current tax payable	6	42,675
		<u>2,766,859</u>
<b>Total Equity and Liabilities</b>		<u>60,088,621</u>

The annual report and financial statements and the notes on pages 8 to 19, were approved by the board of directors on the May 14, 2020 and were signed on its behalf by:



Rakesh Kumar Rao  
(Director)



Rajesh Kumar Reddy Cheemarla  
(Director)

The accounting policies on pages 12 to 15 and the notes on pages 16 to 19 form an integral part of the annual report and financial statements.

## Pidilite East Africa Limited

Annual Report And Financial Statements for the 13 months period ended March 31, 2020

### Statement of Changes in Equity

Figures in Shillings	Share capital	Accumulated loss	Total equity
Balance at April 1, 2019	-	-	-
Loss for the 13 months period	-	(7,678,238)	(7,678,238)
Other comprehensive income	-	-	-
<b>Total comprehensive loss for the 13 months period</b>	<b>-</b>	<b>(7,678,238)</b>	<b>(7,678,238)</b>
Issue of shares	65,000,000	-	65,000,000
<b>Total changes</b>	<b>65,000,000</b>	<b>-</b>	<b>65,000,000</b>
<b>Balance at March 31, 2020</b>	<b>65,000,000</b>	<b>(7,678,238)</b>	<b>57,321,762</b>

Note(s)

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The accounting policies on pages 12 to 15 and the notes on pages 16 to 19 form an integral part of the annual report and financial statements.

## Pidilite East Africa Limited

Annual Report And Financial Statements for the 13 months period ended March 31, 2020

### Statement of Cash Flows

Figures in Shillings	Note(s)	13 months ended 31 March 2020
<b>Cash flows from operating activities</b>		
Cash used in operations	12	<u>(10,621,339)</u>
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	7	<u>(29,454,803)</u>
<b>Cash flows from financing activities</b>		
Proceeds on share issue	10	<u>65,000,000</u>
<b>Total cash and cash equivalents movement for the year</b>		<b>24,923,858</b>
Cash and cash equivalents at the beginning of the year	9	<u>-</u>
<b>Total cash and cash equivalents at end of the year</b>	9	<b><u>24,923,858</u></b>

The accounting policies on pages 12 to 15 and the notes on pages 16 to 19 form an integral part of the annual report and financial statements.

# Pidilite East Africa Limited

Annual Report And Financial Statements for the 13 months period ended March 31, 2020

## Significant Accounting Policies

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### 1. Basis of preparation and summary of significant accounting policies

The annual report and financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Kenyan Companies Act, 2015. For Kenyan Companies Act, 2015 reporting purposes in these financial statements, the balance sheet is represented by the statement of financial position and the profit and loss account is represented by the statement of profit or loss and other comprehensive income.

The annual report and financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Shillings and rounded off to the nearest Shilling.

#### 1.1 Significant judgements and sources of estimation uncertainty

##### Critical judgements in applying accounting policies

Management are required to make critical judgements in applying accounting policies from time to time. The judgements, apart from those involving estimations, that have the most significant effect on the amounts recognised in the annual report and financial statements, are outlined as follows:

##### Lease classification

The company is party to leasing arrangements as a lessee. The treatment of leasing transactions in the annual report and financial statements is mainly determined by whether the lease is considered to be an operating lease or a finance lease. In making this assessment, management considers the substance of the lease, as well as the legal form, and makes a judgement about whether substantially all of the risks and rewards of ownership are transferred.

##### Key sources of estimation uncertainty

##### Useful lives of plant and equipment

The company reviews the estimated useful lives of plant and equipment when changing circumstances indicate that they may have changed since the most recent reporting date.

##### Impairment testing

The company reviews and tests the carrying value of plant and equipment when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

#### 1.2 Plant and equipment

Plant and equipment are tangible assets which the company holds for its own use and which are expected to be used for more than one period.

Plant and equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of plant and equipment, the carrying amount of the replaced part is derecognised.

Expenditure incurred subsequently for major services, additions to or replacements of parts of plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the period in which they are incurred.

Plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

# Pidilite East Africa Limited

Annual Report And Financial Statements for the 13 months period ended March 31, 2020

## Significant Accounting Policies

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### 1.2 Plant and equipment (continued)

The useful lives of items of plant and equipment have been assessed as follows:

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Item	Depreciation method	Rate per annum (%)
Furniture and fixtures	Straight line	12.5%
IT equipment	Straight line	30%

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When indicators are present that the useful lives and residual values of items of plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

### 1.3 Financial instruments

#### Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

#### Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

### 1.4 Tax

#### Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

#### Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

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

#### Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

# Pidilite East Africa Limited

Annual Report And Financial Statements for the 13 months period ended March 31, 2020

## Significant Accounting Policies

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### 1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

#### Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Any contingent rents are expensed in the period they are incurred.

### 1.6 Impairment of assets

The company assesses at each reporting date whether there is any indication that plant and equipment may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior 13 months periods. A reversal of impairment is recognised immediately in profit or loss.

### 1.7 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the 13 months period in which they are declared.

### 1.8 Employee benefits

#### Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

The company and its employees also contribute to the National Social Security Fund (NSSF), a national defined contribution scheme. Contributions are determined by local statute and the company's contributions are charged to the statement of profit or loss and other comprehensive income in the year they fall due.

### 1.9 Provisions and contingencies

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

# **Pidilite East Africa Limited**

Annual Report And Financial Statements for the 13 months period ended March 31, 2020

## **Significant Accounting Policies**

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### **1.10 Revenue**

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

Interest is recognised, in profit or loss, using the effective interest rate method.

### **1.11 Foreign exchange**

#### **Foreign currency transactions**

Exchange differences arising on monetary items are recognised in profit or loss in the period in which they arise.

All transactions in foreign currencies are initially recorded in Shillings, using the spot rate at the date of the transaction. Foreign currency monetary items at the reporting date are translated using the closing rate. All exchange differences arising on settlement or translation are recognised in profit or loss.



# Pidilite East Africa Limited

Annual Report And Financial Statements for the 13 months period ended March 31, 2020

## Notes to the Annual Report And Financial Statements

	13 months ended 31 March 2020
Figures in Shillings	
<b>2. Other income</b>	
Realised exchange differences	741,395
Interest income	142,250
	<u>883,645</u>
<b>3. Operating expenses</b>	
<b>The following items are included within operating expenses:</b>	
Lease rentals on operating lease	3,861,848
Licence and permits	1,971,742
Legal and professional fees	1,612,111
Staff costs (Note 4)	379,918
Electricity	303,351
Auditors remuneration	265,000
Bank charges	65,399
Software maintenance	38,793
Printing and stationery	14,246
Telephone and postage	6,800
	<u>8,519,208</u>
<b>4. Staff costs</b>	
<b>Employee costs</b>	
Salaries and wages	312,243
Work permit	66,675
NSSF company contribution	1,000
	<u>379,918</u>
<b>Average number of persons employed during the year was:</b>	
Management	<u>2</u>
<b>5. Taxation</b>	
<b>Major components of the tax expense</b>	
<b>Current taxation</b>	
Local normal tax - current year	<u>42,675</u>
<b>Reconciliation of the tax expense</b>	
Reconciliation between accounting profit and tax expense.	
Accounting loss	<u>(7,635,563)</u>
Tax at the applicable tax rate of 30% (2019: 30%)	(2,290,669)
<b>Tax effect of adjustments on taxable income</b>	
Expenses not deductible for tax purposes	2,333,144
	<u>42,475</u>

# Pidilite East Africa Limited

Annual Report And Financial Statements for the 13 months period ended March 31, 2020

## Notes to the Annual Report And Financial Statements

Figures in Shillings	13 months ended 31 March 2020
<b>6. Tax paid</b>	
Current tax for the period recognised directly in interest income	(42,675)
Balance at end of the 13 months period	42,675
	<u>-</u>

### 7. Plant and equipment

	2020		
	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	268,879	-	268,879
IT equipment	300,405	-	300,405
Capital work in progress	28,885,519	-	28,885,519
<b>Total</b>	<b>29,454,803</b>	<b>-</b>	<b>29,454,803</b>

#### Reconciliation of plant and equipment - 2020

	Opening balance	Additions	Closing balance
Furniture and fixtures	-	268,879	268,879
IT equipment	-	300,405	300,405
Capital work in progress	-	28,885,519	28,885,519
	<u>-</u>	<u>29,454,803</u>	<u>29,454,803</u>

The Fixed assets were purchased close to year end hence no depreciation charged.

### 8. Trade and other receivables

Prepayments	733,425
Deposits	1,448,193
VAT	2,973,740
Other receivables	554,602
	<u>5,709,960</u>

### 9. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	<u>24,923,858</u>
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There was a guarantee No. 001FIG120000016 for the Beneficiary Kenya Power and Lighting Company for Ksh 300,000 held by I&M Ksh account.

# Pidilite East Africa Limited

Annual Report And Financial Statements for the 13 months period ended March 31, 2020

## Notes to the Annual Report And Financial Statements

Figures in Shillings	13 months ended 31 March 2020
<b>10. Share capital</b>	
<b>Authorised</b>	
65,000 Ordinary shares of Ksh 1,000 each	65,000,000
<b>Issued</b>	
65,000 Ordinary shares of Ksh 1,000 each	65,000,000
All issued shares are fully paid.	
<b>11. Trade and other payables</b>	
Trade payables	101,873
Other payables	365,000
Amounts due to related parties (Note 13)	2,257,311
	<u>2,724,184</u>
<b>12. Cash used in operations</b>	
Loss before taxation	(7,635,563)
<b>Changes in working capital:</b>	
Trade and other receivables	(5,709,960)
Trade and other payables	2,724,184
	<u>(10,621,339)</u>
<b>13. Related parties</b>	
<b>Related party balances and transactions</b>	
<b>Related party balances</b>	
<b>Amounts due to related parties</b>	
Pidilite Industries Limited (India)	1,905,942
Sai Office Supplies Limited	351,369
	<u>2,257,311</u>
<b>Compensation paid to key management</b>	
Short-term employee benefits	-
Pidilite East Africa Limited is related to the above companies by virtue of common control and directorship.	
<b>14. Commitments</b>	
There were no commitments for the year ended March 31, 2020	
<b>15. Contingencies</b>	
There were no contingencies for the year ended March 31, 2020.	
<b>16. Comparative figures</b>	
Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.	

# Pidilite East Africa Limited

Annual Report And Financial Statements for the 13 months period ended March 31, 2020

## Notes to the Annual Report And Financial Statements

### 17. Categories of financial instruments

	Note(s)	Debt instruments at amortised cost	Financial liabilities at amortised cost	Equity and non financial assets and liabilities	Total
<b>Categories of financial instruments - 2020</b>					
<b>Assets</b>					
<b>Non-Current Assets</b>					
Plant and equipment	7	-	-	29,454,803	29,454,803
<b>Current Assets</b>					
Trade and other receivables	8	2,002,795	-	3,707,165	5,709,960
Cash and cash equivalents	9	24,923,858	-	-	24,923,858
		<b>26,926,653</b>	<b>-</b>	<b>3,707,165</b>	<b>30,633,818</b>
<b>Total Assets</b>		<b>26,926,653</b>	<b>-</b>	<b>33,161,968</b>	<b>60,088,621</b>
<b>Equity and Liabilities</b>					
<b>Equity</b>					
Share capital	10	-	-	65,000,000	65,000,000
Retained income	10	-	-	(7,678,238)	(7,678,238)
		<b>-</b>	<b>-</b>	<b>57,321,762</b>	<b>57,321,762</b>
<b>Total Equity</b>		<b>-</b>	<b>-</b>	<b>57,321,762</b>	<b>57,321,762</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Current tax payable		-	-	42,675	42,675
Trade and other payables	11	-	2,724,184	-	2,724,184
		<b>-</b>	<b>2,724,184</b>	<b>42,675</b>	<b>2,766,859</b>
<b>Total Liabilities</b>		<b>-</b>	<b>2,724,184</b>	<b>42,675</b>	<b>2,766,859</b>
<b>Total Equity and Liabilities</b>		<b>-</b>	<b>2,724,184</b>	<b>57,364,437</b>	<b>60,088,621</b>

### 18. Events after the reporting period

The financial statements were prepared based on management estimates and judgement as at the reporting date. Subsequent to year-end, there has been a coronavirus (COVID-19) outbreak which may have an impact on those estimates due to change in the business environment in which the company operates. However, due to the level of uncertainty resulting from the outbreak, management is currently assessing the impact.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of the Director's Report.