

**INDEPENDENT AUDITORS' REPORT AND  
FINANCIAL STATEMENTS  
OF  
PIDILITE SPECIALITY CHEMICALS BANGLADESH PRIVATE LTD.  
AS AT AND FOR THE YEAR ENDED 31 MARCH 2020**



**AHMED MASHUQUE & CO., Chartered Accountants**

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**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 2020, 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 2020, 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 requirement 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.





# AHMED MASHUQUE & CO.

Chartered Accountants

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- 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:  
Dhaka

27 MAY 2020



Ahmed Mashuque & Co.  
Chartered Accountants

**Pidilite Speciality Chemicals Bangladesh Private Ltd.**  
**Statement of financial position**  
**As at 31 March 2020**

Particulars	Notes	Amount in Taka	
		31 March 2020	31 March 2019
<b>Assets</b>			
Property, plant and equipment	5	663,169,716	327,819,795
Capital work-in-progress	6	37,537,825	90,631,374
Right to use of assets	7	29,443,351	-
Investment in shares	8	44,000	-
<b>Non current assets</b>		<b>730,194,892</b>	<b>418,451,169</b>
Inventories	9	212,302,964	187,450,330
Accounts receivable	10	387,804,878	231,201,508
Advances, deposits and prepayments	11	41,925,818	48,893,163
Current tax receivable	20	4,283,394	-
Cash and cash equivalent	12	59,152,546	57,330,876
<b>Current assets</b>		<b>705,469,600</b>	<b>524,875,877</b>
<b>Total assets</b>		<b>1,435,664,492</b>	<b>943,327,046</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	13	352,694,500	352,694,500
Retained earnings		530,720,510	431,369,301
<b>Total equity</b>		<b>883,415,010</b>	<b>784,063,801</b>
<b>Liabilities</b>			
Deferred tax liabilities	14	29,310,608	17,786,764
Lease Liability	15	29,526,631	-
Long term loan	16	209,404,316	-
<b>Non current liabilities</b>		<b>268,241,555</b>	<b>17,786,764</b>
Employee benefits expenses payable	17	25,820,775	26,214,410
Current portion of long term loan & lease liability	18	57,407,888	-
Provision for expenses	19	38,896,366	24,305,344
Current tax liability	20	-	12,653,640
Accounts payable	21	161,882,898	78,303,085
<b>Current liabilities</b>		<b>284,007,927</b>	<b>141,476,480</b>
<b>Total liabilities</b>		<b>552,249,482</b>	<b>159,263,244</b>
<b>Total equity and liabilities</b>		<b>1,435,664,492</b>	<b>943,327,046</b>

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


  
Head of Finance

  
Sanjay M. Dey  
Director

  
Director

*Signed in terms of our separate report of even date annexed*

Dated: 27 MAY 2020  
Dhaka

  
Ahmed Mashuque & Co.  
Chartered Accountants





**Pidilite Speciality Chemicals Bangladesh Private Ltd.**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 31 March 2020**

	Notes	Amount in Taka	
		1 April 2019 to 31 March 2020	1 April 2018 to 31 March 2019
<b>Income</b>			
Sales - net of VAT	22	1,432,205,066	1,237,114,974
Other income	23	2,282,368	1,968,431
		<b>1,434,487,434</b>	<b>1,239,083,405</b>
<b>Less: Expenditure</b>			
Cost of materials	24	518,442,023	424,272,006
Changes in inventory of finished goods and working progress	25	300,998,578	256,398,941
Operating expenses	26	27,899,882	18,238,057
Administrative expenses	27	58,602,240	43,259,329
Selling and distribution expenses	28	129,012,113	148,440,363
Employee benefits expenses	29	179,990,891	144,198,987
Depreciation		42,278,479	31,540,827
Depreciation of Right to use Lease-Office		3,271,482	-
		<b>1,260,495,688</b>	<b>1,066,348,510</b>
<b>Operating profit for the year</b>		<b>173,991,746</b>	<b>172,734,895</b>
Net Finance income/(expense)	30	(17,747,504)	89,182
<b>Profit before income tax for the year</b>		<b>156,244,242</b>	<b>172,824,078</b>
<b>Income tax expense</b>			
Current tax		46,876,333	60,869,436
Deferred tax		10,996,344	(5,015,695)
		57,872,677	55,853,741
<b>Net profit after income tax for the year</b>		<b>98,371,565</b>	<b>116,970,337</b>
(Transferred to statement of changes in equity)			
<b>Other Comprehensive Income/(Loss) :</b>			
Remeasurement of defined benefit plan		1,507,145	(8,398,540)
Tax on OCI		(527,501)	-
Total other Comprehensive Income / (Loss), net of tax		979,644	(8,398,540)
<b>Total Comprehensive Income for the year</b>		<b>99,351,209</b>	<b>108,571,797</b>

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

  
Head of Finance

  
Sarjay Mublejee  
Director

  
Director


*Signed in terms of our separate report of even date annexed*

Dated:  
Dhaka

27 MAY 2020

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Ahmed Mashuque & Co.  
Chartered Accountants

**Pidilite Speciality Chemicals Bangladesh Private Ltd.**  
**Statement of changes in equity**  
**For the year ended 31 March 2020**

*Amount in Taka*

Particulars	Share capital	Share money deposits	Retained earnings	Total
Balance as at 1 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)
<b>Balance as at 31 March 2019</b>	<b>352,694,500</b>	<b>-</b>	<b>431,369,301</b>	<b>784,063,801</b>
Balance as at 1 April 2019	352,694,500	-	431,369,301	784,063,801
Total Comprehensive Income for the year	-	-	99,351,209	99,351,209
<b>Balance as at 31 March 2020</b>	<b>352,694,500</b>	<b>-</b>	<b>530,720,510</b>	<b>883,415,010</b>

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

  
Head of Finance

  
Sanjay Hobbeyee  
Director

  
Director

Dated: **27 MAY 2020**  
Dhaka





**Pidilite Speciality Chemicals Bangladesh Private Ltd.**  
**Statement of cash flows**  
**For the year ended 31 March 2020**

	Amount in Taka	
	31 March 2020	31 March 2019
<b>A. Cash flows from operating activities</b>		
Collection from sales	1,278,871,154	1,192,659,317
Payment to suppliers	(760,713,423)	(708,702,499)
Payment for expenses	(378,020,846)	(377,906,847)
Income tax paid	(63,813,367)	(64,834,228)
<i>Net cash generated from operating activities</i>	<b>76,323,517</b>	<b>41,215,743</b>
<b>B. Cash flows from investing activities:</b>		
Acquisition of fixed assets	(140,704,065)	(15,402,630)
Investment in FDR	-	20,000,000
Investment in shares	(44,000)	-
Interest received	-	229,097
Capital work-in-progress	(184,817,879)	(83,642,692)
<i>Net cash used in investing activities</i>	<b>(325,565,944)</b>	<b>(78,816,225)</b>
<b>C. Cash flows from financing activities:</b>		
Long term loan received/(payment)	265,126,977	-
Interest paid	(14,062,881)	(115,877)
<i>Net cash used in financing activities</i>	<b>251,064,097</b>	<b>(115,877)</b>
Net changes in cash and bank balances (A+B+C)	1,821,670	(37,716,358)
Add: Cash and bank balances at the beginning of the year	57,330,876	95,047,234
<b>Cash and bank balances at the end of the year</b>	<b>59,152,546</b>	<b>57,330,876</b>

*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: **27 MAY 2020**  
Dhaka



**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 2020**

**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 # B101 (North), Road #7, 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.

**2.00 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 2019 to 31 March 2020 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

**27 MAY 2020**

**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 3.03	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 - 17	Employee benefits expenses payable
Note - 19	Provision for expenses
Note - 20	Current tax liability
Note - 21	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.

## **3.00 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 Category</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 Right to use assets and lease liability

The Company is required to adopt IFRS 16 Leases from 1 April 2019.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

#### Recognition

A right-of-use asset and a lease liability is recognized by the company at the *commencement date*.

#### Measurement

##### *Initial measurement of the right-of-use asset*

At the commencement date, the right-of-use asset are measured at cost.

The cost of the right-of-use asset comprise:

- (a) the amount of the initial measurement of the lease liability,
- (b) any lease payments made at or before the commencement date, less any *lease incentives* received.
- (c) any *initial direct costs* incurred by the lessee; and
- (d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

##### *Initial measurement of the lease liability*

At the commencement date, the lease liabilities are measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the *interest rate implicit in the lease/incremental borrowing rate* which is 11.50%.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- a) *fixed payments* (including in-substance fixed payments), less any lease incentives receivable.
- b) *variable lease payments* that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- c) amounts expected to be payable by the lessee under *residual value guarantees*.
- d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an

##### *Subsequent measurement of the right-of-use asset*

After the commencement date, the right-of-use asset are measured applying a cost model.

#### Cost model

To apply a cost model, a lessee shall measure the right-of-use asset at cost:

- a) less any accumulated depreciation and any accumulated impairment losses; and
- b) adjusted for any remeasurement of the lease liability.

The straight-line depreciation is applying as per requirements in IAS 16 *Property, Plant and Equipment* is applied in depreciating the right-of-use asset.

If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the *useful life* of the underlying asset. Otherwise, the lessee shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the *useful life* of the right-of-use asset or the end of the lease term.

IAS 36 *Impairment of Assets* is applied to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.





### Subsequent measurement of the lease liability

After the commencement date, the lease liabilities are measured by:

- increasing the carrying amount to reflect interest on the lease liability.
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments

Assets type	Agreement period (no of months)	Implicit interest rate/ incremental borrowing rate
Head office	120	11.5%

### 3.03 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.

### 3.04 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.

### 3.05 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 2020 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-I 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.

### 3.06 Revenue recognition

#### (a) Sales of goods

The Company has applied IFRS 15 "Revenue from Contracts with Customers" for annual reporting periods beginning on or after 01 January 2018. IFRS 15 provides a single, principles-based approach to the recognition of revenue from all contracts with customers. It focuses on the identification of performance obligations in a contract and requires revenue to be recognized when or as those performance obligations are satisfied.

The new standard is based on the principle that revenue is recognized when control of goods or services transfers to a customer, so the concept of control replaces the existing concept of risks and rewards. This standard combines, enhances and replaces specific guidance on recognizing revenue with a single standard. A new five-step process must be applied before revenue from contract with customer can be recognized:

- i). Identify the contracts with customers;
- ii). Identify the separate performance obligation;
- iii). Determine the transaction price of the contract;
- iv). Allocate the transaction price to each of the separate performance obligations; and
- v). Recognize the revenue as each performance obligation is satisfied.

#### (b) Interest income

Interest income is recognized on accrual basis.

### 3.07 Statement of cash flows

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

### 3.08 Finance costs

Finance costs comprise interest expense on short term borrowings.

### 3.09 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.



### 3.10 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.

- **Advances, deposits and prepayments**

#### **Advances**

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

#### **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.

### 3.11 Interest income and expenses

Interest income comprises interest income on investment in FDR. Interest expenses comprise interest expense on borrowings from bank.

### 3.12 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.

### 3.13 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.





### 3.14 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.

Paid up capital represents total amount of shareholders capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time.

### 3.15 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.

### 3.16 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.

### 3.17 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 March 2020	31 March 2019
BDT/USD	85.90	84.30

### 3.18 Comparative information

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 2020

Asset Category	Gross Block (Cost)						Depreciation			Net Block at 31 March 2020
	As at 1 April 2019	Addition during the year	Disposal/ Adjustment	As at 31 March 2020	As at 1 April 2019	Charged during the year	Disposal/ Adjustment	As at 31 March 2020		
	184,959,523	-	-	184,959,523	-	7,917,228	-	-		
Freehold land	184,959,523	-	-	184,959,523	-	7,917,228	-	55,176,378	184,959,523	
Factory buildings	111,363,212	168,186,221	-	279,549,433	47,259,150	7,917,228	-	198,458,229	224,373,055	
Machinery and equipment	244,692,467	103,444,134	-	348,136,601	172,851,386	25,606,843	-	6,488,316	149,678,371	
Computers	7,079,143	2,907,431	445,515	9,541,059	5,935,288	998,543	445,515	5,490,922	3,052,743	
Furniture and fixtures	7,789,319	13,148,436	2,015,995	18,921,760	5,032,124	1,439,304	980,506	8,293,644	13,430,838	
Mechanical office equipment	4,100,705	90,787,029	70,430	94,817,304	2,687,065	5,671,208	64,629	7,217,410	86,523,660	
Laboratory equipment	8,172,494	196,441	-	8,368,935	6,572,056	645,354	-	-	1,151,526	
<b>As at 31 March 2020</b>	<b>568,156,864</b>	<b>378,669,692</b>	<b>2,531,940</b>	<b>944,294,616</b>	<b>240,337,070</b>	<b>42,278,479</b>	<b>1,490,650</b>	<b>281,124,900</b>	<b>663,169,716</b>	

For 2019

Asset Category	Gross Block (Cost)						Depreciation			Net Block at 31 March 2019
	As at 1 April 2018	Addition during the year	Disposal/ Adjustment	As at 31 March 2019	As at 1 April 2018	Charged during the year	Disposal/ Adjustment	As at 31 March 2019		
	184,959,523	-	-	184,959,523	-	5,568,165	-	47,259,150		
Freehold land	184,959,523	-	-	184,959,523	-	5,568,165	-	172,851,386	64,104,062	
Factory buildings	111,363,212	-	-	111,363,212	41,690,985	23,398,704	-	5,935,288	71,841,080	
Machinery and equipment	230,112,098	14,580,369	1	244,692,467	149,452,682	570,709	-	5,032,124	1,143,856	
Computers	6,369,382	782,261	72,500	7,079,143	5,364,579	775,927	-	2,687,065	2,757,195	
Furniture and fixtures	7,749,319	40,000	-	7,789,319	4,256,197	410,067	-	6,572,056	1,413,640	
Mechanical office equipment	4,100,705	-	-	4,100,705	2,276,998	817,251	-	-	1,600,439	
Laboratory equipment	8,172,494	-	-	8,172,494	5,754,805	-	-	-	-	
<b>As at 31 March 2019</b>	<b>552,826,734</b>	<b>15,402,630</b>	<b>72,501</b>	<b>568,156,864</b>	<b>208,796,247</b>	<b>31,540,823</b>	<b>-</b>	<b>240,337,070</b>	<b>327,819,795</b>	



Amount in Taka	
31 March 2020	31 March 2019

#### 6.00 Capital work-in-progress

Opening balance	90,631,374	6,988,681
Addition during the year	184,817,878	102,031,282
Less: Transferred to Property, Plant & Equipment	237,911,427	18,388,589
<b>Closing balance</b>	<b>37,537,825</b>	<b>90,631,374</b>

#### Assets wise details as follows:

Machinery and equipment	21,423,228	26,728,849
Software	250,000	250,000
Building- Valuka project	15,864,597	59,977,838
Pre-Operative Exp of Bhaluka Project- Regulatory fees	-	1,265,713
Mechanical Office Equipment	-	2,408,973
	<b>37,537,825</b>	<b>90,631,374</b>

These expenditures will be capitalized and recognized as operating assets upon completion of the acquisition process or construction, where applicable and physical possession thereof.

#### 7.00 Right to use of assets

The company has already adopted IFRS 16 Leases wef. 1st April 2019 and the below 'Right to use assets' created against lease contracts. Detail requirements described in Note 3.02.

Opening balance	-	-
Addition during the year	32,714,834	-
Amortization during the year	3,271,483	-
<b>Closing balance</b>	<b>29,443,351</b>	<b>-</b>

#### 8.00 Investment in shares

Nina Percept (Bangladesh) Pvt. Ltd	44,000	-
	<b>44,000</b>	<b>-</b>

This year PSCBL has invested as capital contribution of 1% of total shares (i.e. 440 ordinary shares @ 100/- taka each) of Nina Percept (Bangladesh) Pvt. Ltd., a newly setup Limited company, registered in RJSCB under the Companies Act (Act XVIII) of 1994, vide registration no. C-159036/2020. Nina Percept (Bangladesh) Pvt. Ltd is a subsidiary of Pidilite group and ultimate parent company is Pidilite Industries Limited (PIL), registered in India.

#### 9.00 Inventories

Raw materials	77,602,529	60,016,843
Packing materials	18,050,296	15,695,461
Work in progress	5,988,928	2,978,275
Manufactured finished goods	39,364,316	34,965,165
Imported finished goods	56,445,640	55,383,588
Imported raw material in transit	14,613,811	17,497,748
Imported packing material in transit	163,333	-
Imported finished goods in transit	12,943,378	5,947,612
Provision for Raw materials and Packing materials	(2,156,760)	(2,480,444)
Provision for Finished goods	(10,712,507)	(2,553,918)
	<b>212,302,964</b>	<b>187,450,330</b>

#### 10.00 Accounts receivable

Secured accounts receivable	2,680,339	1,316,086
Unsecured accounts receivable	409,228,205	239,995,179
Provision for bad debts	(24,103,666)	(10,109,757)
	<b>387,804,878</b>	<b>231,201,508</b>





		Amount in Taka	
		31 March 2020	31 March 2019
<b>11.00</b>	<b>Advances, deposits and prepayments</b>		
	<b>Advances</b>		
	Advance to employees	6,145,449	4,430,212
	Advance to supplier	600,000	1,470,000
	VAT current account	6,793,709	13,302,982
	<b>Deposits</b>		
	Security deposit	2,524,000	1,967,500
	Advance against Import Duty	3,449,140	14,702,788
	Import deposit	72,764	270,566
	<b>Prepayments</b>		
	Office rent	3,416,674	5,254,834
	Warehouse rent	6,750,000	-
	Insurance	6,616,795	4,300,846
	Other prepaid and deferred expense for materials	5,557,287	3,193,436
		<b>41,925,818</b>	<b>48,893,163</b>
<b>11.01</b>	<b>Security deposit</b>		
	Security deposit to Titas Gas T&D Co. Ltd.	277,500	277,500
	Security deposit to Dhaka Electric Supply Authority(DESA)	240,000	240,000
	Security deposit to REB (Mymensingh Palli Bidyut Samity)	385,000	-
	Bank Guarantee of Titas Gas-Bhaluka	371,500	-
	Security deposit for Pragati Insurance Ltd.	-	200,000
	Security deposit to Linde Bangladesh Limited.	20,000	20,000
	Security deposit to City Office Rent.	1,230,000	1,230,000
		<b>2,524,000</b>	<b>1,967,500</b>
<b>12.00</b>	<b>Cash and cash equivalents</b>		
	Cash in hand	749,542	365,959
	<b>Cash at bank:</b>		
	The Hongkong and Shanghai Banking Corporation Limited	-	-
	Standard Chartered	47,363,243	51,978,986
	Citibank N.A	11,039,761	4,985,931
		<b>59,152,546</b>	<b>57,330,876</b>
<b>13.00</b>	<b>Share capital</b>		
	<b>Authorized</b>		
	50,00,000 ordinary shares of Taka 100 each	<b>500,000,000</b>	<b>500,000,000</b>
	<b>Issued, subscribed and paid-up</b>		
	3,526,945 ordinary shares of Taka 100 each	<b>352,694,500</b>	<b>352,694,500</b>
	<b>Shareholding position of the company is as follows :</b>		
	Pidilite International Pte. Ltd (Singapore)	349,150,500	349,150,500
	Pidilite Middle East Ltd (United Arab Emirates)	3,544,000	3,544,000
		<b>352,694,500</b>	<b>352,694,500</b>
<b>14.00</b>	<b>Deferred tax liabilities</b>		
	Deferred tax has been recognized and measured in accordance with the provision of IAS 12, Income taxes.		
	<b>Deferred tax arrived at as follows:</b>		
		<b>As at 31 March 2020</b>	<b>Taxable/ (deductible) Temporary</b>
		<b>Carrying amount</b>	<b>Tax base</b>
	<b>Property, plant and equipment</b>		
	Buildings	224,373,055	147,376,282
	Machinery and equipment	149,678,371	129,397,297
	Computers	3,052,743	2,992,414
	Furniture and fixtures	13,430,838	14,184,576
	Mechanical office equipment	86,523,660	73,491,543
	Laboratory equipment	1,151,526	1,151,312
		<b>478,210,193</b>	<b>368,593,424</b>
	Provision for doubtful debts	24,103,666	-
	Right to use of assets	29,443,351	-
	Lease Liability	31,211,858	-
	<b>Net temporary difference</b>		<b>83,744,596</b>
	Tax rate		35%
	<b>Deferred tax liability/ expense on temporary difference</b>		<b>29,310,608</b>



	Amount in Taka	
	31 March 2020	31 March 2019
<b>Change in deferred tax assets and liability</b>		
Opening balance	17,786,764	22,802,459
Provision recognized in Profit & Loss	10,996,344	(5,015,695)
Provision Recognized in Other Comprehensive Income	527,501	-
<b>Balance as at 31 March - Deferred tax liability</b>	<b>29,310,608</b>	<b>17,786,764</b>
<b>15.00 Lease liability</b>		
Opening balance	-	-
Addition during the year	32,714,834	-
Less: paid during the year	1,502,976	-
	<b>31,211,858</b>	-
Less: Current portion of lease liability	1,685,227	-
<b>Closing balance</b>	<b>29,526,631</b>	-
<b>16.00 Long term loan</b>		
Standard chartered bank	265,126,977	-
Less: Current portion of long term loan	55,722,661	-
	<b>209,404,316</b>	-

Term loan (TL) has been taken from Standard Chartered Bank (SCB) bearing interest rate varies from 9% to 11.97%. Interest rate may vary on time to time at both parties mutual understanding considering Bangladesh bank guidelines. Currently as of 31 March 2020, term loan (TL) wise average interest rate is 10.56%. The loan has been taken for construction of factory shed/warehouse, building and import/purchase of capital machineries. As per term loan agreement, after one year moratorium period from the first disbursement of loan, principal loan amount shall be repaid within May'2024 in equally maximum 16 quarter installments along with term loan wise interest have to pay on quarterly basis from the date of first disbursement including moratorium period. This year company has charged Tk. 13.59 million as interest expense on term loan in P&L. Collateral for the loan from SCB are as follows:

- Hypothecation of plant and machineries, land and building of the company; and
- Personal guarantee of all local directors of the company.

**17.00 Employee benefits expenses payable**

Employees' Retirement Gratuity	Note:17.01	-	-
Workers' Profit Participation and Welfare Fund		7,812,212	8,641,204
Wages		20,384	345,883
Salary allowances		17,988,179	17,227,323
		<b>25,820,775</b>	<b>26,214,410</b>

**17.01 Employees' Retirement Gratuity**

Present value of defined benefit obligation	41,466,142	35,244,586
Fair value of plan assets	(41,466,142)	(35,244,586)
	-	-

**Movement in the present value of the defined benefit obligation are as follows**

Opening balance	35,244,586	23,026,302
Current service cost	6,088,784	4,010,490
Interest cost	2,614,637	2,476,383
<b>Actuarial (Gain) / loss</b>		
Actuarial (gains)/ losses arising from changes in demographic	2,297,780	609,218
Actuarial (gains)/ losses arising from changes in financial	(7,287,870)	9,750,851
Actuarial (gains)/ losses arising from changes in experience	2,920,404	(4,085,209)
Benefits paid during the year	(412,179)	(678,153)
Acquisition/Divestiture	-	134,704
	<b>41,466,142</b>	<b>35,244,586</b>

**Movement in the fair value of the plan assets are as follows**

Opening balance	35,244,586	23,026,302
Contributions from employer	4,500,066	12,254,428
Adjustment for opening fair value	-	75,066
Expected Return on Plan Assets	2,696,213	2,555,919
Actuarial (Gain) / loss	(562,543)	(2,123,680)
Return on plan assets	-	-
Benefits paid during the year	(412,179)	(678,153)
Acquisition/Divestiture	-	134,704
	<b>41,466,142</b>	<b>35,244,586</b>



	Amount in Taka	
	31 March 2020	31 March 2019
<b>i) Net Benefit (Asset)/Liability</b>		
Defined benefit obligation	41,466,142	47,462,870
Fair value of plan assets	41,466,142	47,462,870
Net Benefit (Asset)/Liability	-	-
<b>ii) Total expenses recognized in the statement of profit and</b>		
Current Service cost	6,088,784	4,010,490
Interest cost on benefit obligation (net)	(79,536)	(79,536)
Total expenses recognized in the statement of profit and loss	<b>6,009,248</b>	<b>3,930,954</b>
<b>iii) Re-measurement effects recognized in other</b>		
Actuarial (gains)/ losses arising from changes in demographic	2,297,780	609,218
Actuarial (gains)/ losses arising from changes in financial	(7,287,870)	9,750,851
Actuarial (gains)/ losses arising from changes in experience	2,920,404	(4,085,209)
Return on plan asset	562,543	2,123,680
Recognized in other comprehensive income	1,507,143	(8,398,540)
<b>Actual return on plan assets</b>	-	-
<b>Assumptions employed for the valuations are as follows</b>	%	%
Expected rate of salary increase	8.70	9.00
Discount rate	8.95	7.65
<b>18.00 Current portion of long term loan &amp; lease liability</b>		
Standard chartered bank	55,722,661	-
Lease Liability	1,685,227	-
	<b>57,407,888</b>	-
<b>19.00 Provision for expenses</b>		
Professional fees	115,000	184,000
Security service	243,500	108,150
Utilities	267,099	182,160
Distributors' Commission	17,383,223	12,020,087
Advertising	7,023,961	6,520,540
Sales agent expenses	391,863	578,630
Travelling and conveyance	1,059,600	505,000
Audit fees	412,500	1,476,850
Interest expense	7,166,824	-
Freight outward	3,614,098	1,081,746
Petrol and oil	304,650	230,500
Telephone	-	60,000
Consumables materials	-	27,000
Withholding income tax and VAT payable	434,462	692,416
Liability for other expenses	479,586	638,266
	<b>38,896,366</b>	<b>24,305,344</b>
<b>20.00 Current tax liability/(receivable)</b>		
Provision for income tax (20.01)	48,968,939	62,589,901
Advance income tax (20.02)	(53,252,333)	(49,936,261)
	<b>(4,283,394)</b>	<b>12,653,640</b>
<b>20.01 Provision for income tax</b>		
Opening balance	62,589,901	59,628,283
Provision made during the year	46,876,333	60,869,436
Adjustment during the year	(60,497,295)	(57,907,818)
	<b>48,968,939</b>	<b>62,589,901</b>
<b>20.02 Advance income tax</b>		
Opening balance	49,936,261	43,009,851
Addition during the year	63,813,367	64,834,228
Adjustment during the year	(60,497,295)	(57,907,818)
	<b>53,252,333</b>	<b>49,936,261</b>





## 21.00 Accounts payable

Amount in Taka

	31 March 2020	31 March 2019
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Bhuiyan Metal Works	970,573	351,784
The Care Pack Ltd.	3,097,341	3,093,660
Comilla Plastic Industry	818,689	764,722
Creative Packaging Industry	2,234,662	1,417,606
Fair Deal-Expenses	1,521,179	1,286,440
Ghorashal Containers Ltd.	63,927	475,126
Ghorashal Multilayer Plastic Packaging Ltd.	121,590	278,873
I R Limited	4,178,597	3,517,316
Juthi Enterprise	161,685	559,625
K. S. Printing & Packaging	137,644	408,608
Kashpia Printing & Packaging Ind.	463,120	170,775
Link3 Technologies Ltd.	32,572	36,075
Masud Glass House	156,605	52,900
Pidilite Industries Ltd.	83,847,772	46,984,649
Padma Cans And Closures Ltd.	1,412,458	1,353,464
Padma Lamitube Ltd.	557,470	186,347
Pragati Insurance Ltd.	744,410	139,693
Q Pail Limited	1,415,003	534,220
Rains.Com	815,178	93,611
Rupali Rent-A-Car	233,333	52,900
Z. R. Enterprise	55,789	165,438
Ahmed Mashuque & Co.	315,000	28,750
Engineers Solution & Ideas	250,000	450,000
Sears Construction & Engineers Ltd.	5,667,000	1,362,731
Sarker Steel Limited	1,613,337	713,906
New Super Sign	101,115	483,185
Ruptex	455,250	215,085
Xclusive Can Limited.	207,355	199,801
Nirma Limited	-	381,484
A. J. R Transport Agency Ltd.	-	254,191
Badal & Co.	-	1,988,718
Haresh Petrochem Singapore Pte Ltd.	-	1,482,274
Mediacom Ltd.	-	8,212,725
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.	14,483,975	-
Holoplus Techno Systems Ltd.	65,125	-
Jm Enterprise	15,591	-
Adex Corporation Ltd.	290,978	-
Ayzo International Fze	3,633,500	-
Amarama Engineers	968,539	-
Atandra Energy Pvt. Ltd.	336,718	-
Asian Solvochem Pvt. Ltd.	2,153,227	-
Al-Ham Printing & Can Manufacture	928,970	-
Badal And Company	8,486,889	-
Dak System Inc.	1,334,800	-
Haresh Petrochem Private Ltd.	2,714,865	-
Industrial Controls	356,520	-
Impress Apparel Machines Pvt. Ltd.	99,705	-
Zonayed Enterprise	22,546	-
J. Zimmer Maschinenbau Gmbh	1,595,790	-
Ketan Chemicals Corporation	476,101	-
Komal Scientific Co.	2,739,371	-
Myth Limited	1,223,875	-
Jmf Synthetics India Pvt. Ltd.	427,782	-
Prismtech Packaging Solution Pvt. Ltd.	585,494	-
Ratul Chemical	42,372	-



**Accounts payable**

Rototech Industries  
Revathi Electronics And Controls  
R.B. Electronic & Engineering Pvt. Ltd.  
Skb Storage Industries Snd. Bhd.  
Shanghai Gather Power Industry Co. Ltd.  
Systemanatech (I) Pvt. Ltd.  
Osource (India) Pvt. Ltd.  
Bandhon Enterprise  
A. J. R. Transport Agency Ltd>  
Fortune Cargo Services  
Nur-E-Midina Transport Agency  
Ricasil Industries

Amount in Taka	
31 March 2020	31 March 2019
613,808	-
108,752	-
820,345	-
377,445	-
635,660	-
2,666,019	-
203,325	-
80,426	-
713,820	-
41,000	-
331,700	-
659,212	-
<b>161,882,898</b>	<b>78,303,085</b>



		Amount in Taka	
		1 April 2019 to 31 March 2020	1 April 2018 to 31 March 2019
<b>22.00 Sales - net of VAT</b>			
Local sales		987,467,067	871,440,055
Export sales		18,290,261	7,123,522
Sale of imported finished goods		426,447,738	358,551,398
		<b>1,432,205,066</b>	<b>1,237,114,974</b>
<b>23.00 Other income</b>			
Gain/(Loss) on sale of assets		(987,090)	-
Sale of scrap		3,269,458	1,968,431
		<b>2,282,368</b>	<b>1,968,431</b>
<b>24.00 Cost of materials</b>			
Raw materials consumed	Note: 24.01	348,933,173	288,860,279
Packing materials consumed	Note: 24.02	169,508,850	135,411,726
<b>Cost of materials</b>		<b>518,442,023</b>	<b>424,272,006</b>
<b>24.01 Raw materials consumed</b>			
Opening stock		60,016,843	46,580,792
Purchase during the year		366,518,859	302,296,330
Less: Closing stock		(77,602,529)	60,016,843
		<b>348,933,173</b>	<b>288,860,279</b>
<b>24.02 Packing materials consumed</b>			
Opening stock		15,695,461	11,418,226
Purchase during the year		171,863,684	139,688,962
Less: Closing stock		(18,050,296)	(15,695,461)
		<b>169,508,850</b>	<b>135,411,726</b>
<b>25.00 Changes in inventory of finished goods and working progress</b>			
Cost of imported finished goods	Note: 25.01	301,341,344	248,386,038
Opening work-in-progress		2,327,830	1,174,963
Opening finished goods		34,965,165	41,076,780
Closing work-in-progress		(7,551,262)	(2,327,830)
Closing finished goods		(39,364,317)	(34,965,165)
Damage and obsolete materials		9,279,818	3,054,155
		<b>300,998,578</b>	<b>256,398,941</b>
<b>25.01 Cost of imported finished goods</b>			
Opening stock		55,383,588	35,143,655
Purchase during the year		302,403,396	268,625,971
Closing stock		(56,445,640)	(55,383,588)
		<b>301,341,344</b>	<b>248,386,038</b>
<b>26.00 Operating expenses</b>			
Travelling and conveyance		1,328,335	480,476
Rent others - Rented Vehicle		2,519,884	1,301,866
Rent others - Rented Vehicle Fuel		1,180,755	532,455
Repairs and maintenance		2,152,454	1,814,830
Consumable materials		2,130,117	1,314,323
Conventions, seminars and company meetings expense		412,246	272,583
Fuel and petrol		1,787,780	593,566
Stationery and office supplies		443,510	391,324
Security service charges		2,852,325	2,078,663
Cleaning expenses		451,529	422,732
Telephone and fax		130,715	152,202
Internet expenses		218,111	131,242
Electricity charges		3,489,607	2,657,728
Gas charges		549,231	609,194
Entertainment		966,029	759,556
Insurance		5,241,998	3,823,944
Testing and certification expenses		72,656	40,350
Factory staff health check up expense		259,555	191,725
Environment & Safety		961,985	207,371
Office maintenance and supplies		751,060	461,927
		<b>27,899,882</b>	<b>18,238,057</b>





	Amount in Taka	
	1 April 2019	1 April 2018
	to	to
	31 March 2020	31 March 2019
<b>27.00 Administrative expenses</b>		
Insurance	1,509,523	1,514,872
Recruitment expenses	160,725	37,763
Travelling and conveyance	2,058,886	1,676,212
Overseas travelling	307,425	138,256
Office rent	379,225	2,409,829
Rent others - Rented Vehicle	606,050	634,800
Rent others - Rented Vehicle Fuel	126,577	107,690
Repairs and maintenance	520,077	317,628
Fuel and petrol	778,127	786,493
License, registration and membership	1,233,586	1,138,119
Audit fees	247,500	1,476,849
Audit fees for PF, GF & WPPF	90,000	69,000
Professional fees	1,648,756	1,081,878
Stationeries	515,116	411,495
Postage	116,786	92,816
Telephone and fax	332,757	231,256
Internet expenses	256,273	218,900
Data processing services charges	3,358,283	2,722,504
Electricity bill	361,470	211,699
Books and periodicals	22,149	25,562
Royalty	26,325,432	21,964,089
Land tax and rates	7,200	140,550
Entertainment	785,948	826,896
Bank charges	1,358,276	968,819
Office maintenance and supplies	1,502,184	1,017,796
Bad debts	13,993,909	3,037,558
	<b>58,602,240</b>	<b>43,259,329</b>
<b>28.00 Selling and distribution expenses</b>		
Sample expense	874,433	525,440
Convention and exhibit expense	15,227,041	9,791,087
Bill board	357,809	933,739
Advertising	24,355,651	13,773,237
Sales promotion expenses	13,706,908	52,277,855
Warehouse rent	2,625,192	2,654,350
Printing and press advertising	12,315,958	16,501,285
Delivery expenses	24,711,375	19,684,048
Van subsidy for remote region	59,158	72,450
Insurance	920,007	691,498
Postage	177,201	93,943
Travelling and conveyance	19,685,918	16,072,569
Overseas travelling	506,086	1,142,181
Seminars and company meetings expense	4,826,970	2,998,879
Telephone and fax	1,510,719	1,288,446
Sales agents expenses	4,616,963	7,837,492
Electricity	118,459	74,430
Security service charges	491,139	339,192
Internet	93,370	90,750
Fuel and petrol	1,831,756	1,597,491
	<b>129,012,113</b>	<b>148,440,363</b>



	Amount in Taka	
	1 April 2019 to 31 March 2020	1 April 2018 to 31 March 2019
	<b>29.00 Employee benefits expenses</b>	
Salary and allowances	157,058,014	125,607,546
Wages	7,110,910	4,403,540
Employees' retirement gratuity	6,007,211	3,855,888
Group insurance	1,791,958	1,545,434
Workers' Profit Participation and Welfare Fund	7,812,212	8,641,204
Directors remuneration	68,000	64,000
Employee training	142,586	81,375
	<b>179,990,891</b>	<b>144,198,987</b>
<b>30.00 Net Finance income/(expense)</b>		
Interest expense	(13,820,761)	(115,877)
Interest Income	-	205,059
Interest cost on Lease Liability-Office	(3,684,623)	-
Foreign exchange gain/(Loss)	(242,120)	-
	<b>(17,747,504)</b>	<b>89,182</b>
<b>31.00 Basic earnings per share ( EPS)</b>		
Profit after tax	98,371,565	116,970,337
Number of shares	3,526,945	3,526,945
<b>Basic EPS</b>	<b>27.89</b>	<b>33.16</b>
<b>32.00 Particulars of employee</b>		
<i>Nationality:</i>		
Bangladeshi	184	136
Non-Bangladeshi	2	2
	<b>186</b>	<b>138</b>
<i>Salary range:</i>		
Monthly Taka 3,000 or above	186	138
Monthly below Taka 3,000	-	-
	<b>186</b>	<b>138</b>

**33.00 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		Amount due/(receivable) as at 31 March 2019
			Transaction value	Amount due/(receivable)	
Pidilite Industries Ltd., India	Purchase of finished goods	Parent company through wholly owned subsidiaries	202,965,272	12,943,378	18,341,044
	Purchase of raw and packing materials		113,981,069	20,438,354	4,183,673
	Royalties		26,327,754	48,289,542	21,964,088
	Expenses against service		3,904,897	3,904,897	2,495,844
	Debit Note		(1,728,399)	(1,728,399)	-
Pidilite Lanka (Private) Limited	Purchase of finished goods	Subsidiaries of Parent company through wholly owned subsidiaries	854,996	-	-
	Sale of finished goods		1,047,790	-	(697,766)
Cipy Polyurethanes Pvt. Ltd.	Purchase of finished goods	through wholly owned subsidiaries	12,862,011	-	-

**34.00 Capital expenditure commitment**

There is no such commitment as at 31 March 2020

**35.00 Contingent Liability**

The company has filed appeal at Commissioner of Taxes (Appeal) against the order of the Deputy Commissioner of Taxes on the matter of income tax assessments for the assessment year 2015-2016. Outcome of which is uncertain. However, the company's management feels that the claim by the Tax authority is unjustified and the company has fair grounds for having the judgment in their favor.



### 36.00 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 2020	As at 31 March 2019
Accounts receivables	387,804,878	231,201,508
Advances, deposits and prepayments (except receivable from Govt.)	35,132,109	35,590,182
Bank balances (except cash in hand) Note # 12	58,403,004	56,964,917
	<b>481,339,991</b>	<b>323,756,607</b>

#### b) Ageing of accounts receivables

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

Due below six months	387,101,523	229,005,209
Due over six months	24,807,021	12,306,056
	<b>411,908,544</b>	<b>241,311,265</b>

#### • 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 :

Current liabilities	As at 31 March 2020				
	Carrying amount	Contractual cash flows	3 months or less	3-6 months	6-12 months
Employee benefits expenses	25,820,775	(25,820,775)	(25,820,775)		-
Current portion of long term loan & lease liability	57,407,888	(57,407,888)	(6,869,166)	(18,013,698)	(32,525,023)
Provision for expenses	38,896,366	(38,896,366)	(38,896,366)		-
Current tax liabilities	-	-	-		-
Accounts payables	161,882,898	(161,882,898)	(161,882,898)		-
	<b>284,007,927</b>	<b>(284,007,927)</b>	<b>(233,469,205)</b>	<b>(18,013,698)</b>	<b>(32,525,023)</b>





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	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)	-	-
	<b>141,476,481</b>	<b>(141,476,481)</b>	<b>(128,822,840)</b>	<b>(12,653,641)</b>	<b>-</b>

• **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.

