
Pidilite East Africa Limited
Annual Report and Financial Statements
for the year ended March 31, 2021

Pidilite East Africa Limited

Annual Report And Financial Statements for the year ended March 31, 2021

General Information

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 Khim Business Park Go Down 32, 33, 34 Athi River P.O. Box 18092-00500 Nairobi
Principal bankers	Standard Chartered Bank Kenya Limited Chiromo Branch P.O. Box 300003-00100 Nairobi I&M Bank Kenya Limited I&M Bank Tower, 1st Floor Kenyatta Avenue 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

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Pidilite East Africa Limited

Annual Report And Financial Statements for the year ended March 31, 2021

Directors' Report

The directors submit their report together with the audited annual report and financial statements for the year ended March 31, 2021.

1. Principal activities

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

There have been no material changes to the nature of the company's business from the prior year.

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. The accounting policies have been applied consistently compared to the prior year.

The company recorded a loss after tax for the year ended March 31, 2021 of Ksh (23,669,502). This represented an increase of 208.27% from the loss after tax of the prior year of Ksh (7,678,238).

Company cash flows from operating activities decreased by 844.18% from Ksh (10,621,339) in the prior year to Ksh (100,284,123) for the year ended March 31, 2021.

The movement for the above financial results for the year ended March 31, 2021 have been attributed due to the following:

Economic factors

Being the first year of commercial production and operation per se challenges as well as opportunities have come in equal measures.

Opportunities in that the manufacturing segment has not yet recorded 100% capacity and and the infrastructure has been pushed systematically informed by increasing demand.

The pandemic background has been a constant threat to business operations. Cumulatively no effect of the pandemic has hit the business operation as hard as inflation has.

The pandemic has first of all disrupted the global supply chain and destabilized the exchange rate. The former means raw material has significantly become scarce in the market the scarcity has led to skyrocketing prices and inconsistent lead time. The scarcity has quickly turned to total shut down of some supply chains meaning huge cost of inputs and distracted production.

The ripple effect of this has been the need of the company to accordingly adjust prices to compensate for the new production challenges which has consequently disrupted sales.

The industry in which Pidilite East Africa Limited (PEAL) operates has continued to see stiff competition the competitive edge by some of our main competitors being access to strategic raw material in the overseas markets at stable rates has meant that they exploit on our new huge prices to expand territory.

Inflation has also thinned the working capital availability for PEAL in the RM/PM purchasing perspective. No impact has been as great as the bloated repayment period over which our dealers have sought as cushion for the pandemic increasing Daily Sales Outstanding by almost 30 additional working days. This means instead of leveraging on cheap financing of business returns the company goes for expensive financing.

The pandemic has further caused very expensive stock outs for the company any dozen hours that strategic material misses in the shelves translates to huge missed opportunities on the sales front.

Pidilite East Africa Limited

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Directors' Report

Future prospects

None of the current challenges will fortunately translate to pitfalls and the company is optimistic of a successful future. Acquisition of new infrastructure means doubled or tripled output in future also the pandemic situation will serve greater lessons especially in building buffer material stock to cushion from inflationary effects.

Also, the commercialization of infrastructure deployed at plant has given greater insights of how much capacity actually exists to explore enabling much more strategic planning in future.

3. Share capital

Refer to note 15 of the annual report and financial statements for detail of the movement in authorised and issued share capital.

4. Dividends

The board of directors does not recommend the declaration of a dividend for the year (2020: Nil).

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

There have been no changes to the directorate for the year under review.

6. Events after the reporting period

The directors are not aware of any 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 continues in office in accordance with the company's Articles of Association and Section 719 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.

9. Approval of annual report and financial statements

The annual report and financial statements set out on pages 8 to 21, which have been prepared on the going concern basis, were approved by the board of directors on May 3, 2021, and were signed on its behalf by:

Rakesh Kumar Rao
(Director)

Independent Auditor's Report

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 21, which comprise the statement of financial position as at March 31, 2021, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the 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, 2021, and its financial performance and cash flows for the year then ended in accordance with the 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 Auditor's Responsibilities for the Audit of the 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.

Responsibilities of the Directors and Those charged with Governance 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 the 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.

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

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.

Independent Auditor's Report

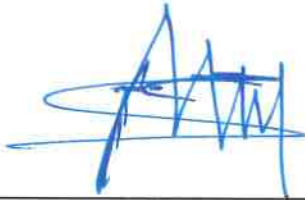
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a 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.

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 CPA Alfred Siele, Practicing Certificate No. 1690.



For and on behalf of Grant Thornton
Certified Public Accountants (Kenya)
Nairobi


2nd Floor, 15th Floor, 2021

P/138/0321/105/0521/AUD

Pidilite East Africa Limited

Annual Report And Financial Statements for the year ended March 31, 2021

Statement of Profit or Loss and Other Comprehensive Income

Figures in Shillings	Note(s)	2021	13 months ended 31 March 2020
Revenue	2	109,239,941	-
Cost of sales	3	(90,279,715)	-
Gross profit		18,960,226	-
Other income	4	924,999	883,645
Operating expenses	5	(51,768,886)	(8,519,208)
Operating loss		(31,883,661)	(7,635,563)
Finance costs	7	(1,004,053)	-
Loss before taxation		(32,887,714)	(7,635,563)
Taxation	8	9,218,212	(42,675)
Loss for the year		(23,669,502)	(7,678,238)
Other comprehensive income		-	-
Total comprehensive loss for the year		(23,669,502)	(7,678,238)

The accounting policies on pages 12 to 15 and the notes on pages 16 to 21 form an integral part of the annual report and financial statements.

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Statement of Changes in Equity

Figures in Shillings	Share capital	Accumulated losses	Total equity
Loss for the year	-	(7,678,238)	(7,678,238)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(7,678,238)	(7,678,238)
Issue of shares	65,000,000	-	65,000,000
Total changes	65,000,000	-	65,000,000
Balance at April 1, 2020	65,000,000	(7,678,238)	57,321,762
Loss for the year	-	(23,669,502)	(23,669,502)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(23,669,502)	(23,669,502)
Issue of shares	63,000,000	-	63,000,000
Total changes	63,000,000	-	63,000,000
Balance at March 31, 2021	128,000,000	(31,347,740)	96,652,260
Note(s)	15		

The accounting policies on pages 12 to 15 and the notes on pages 16 to 21 form an integral part of the annual report and financial statements.

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Statement of Cash Flows

Figures in Shillings	Note(s)	2021	13 months ended 31 March 2020
Cash flows used in operating activities			
Cash used in operations	17	(98,599,257)	(10,621,339)
Finance costs	7	(1,004,053)	-
Tax paid	9	(680,813)	-
Net cash used in operating activities		<u>(100,284,123)</u>	<u>(10,621,339)</u>
Cash flows from investing activities			
Purchase of plant and equipment	10	<u>(21,673,421)</u>	<u>(29,454,803)</u>
Cash flows from financing activities			
Proceeds on share issue	15	<u>63,000,000</u>	<u>65,000,000</u>
Total cash and cash equivalents movement for the year		<u>(58,957,544)</u>	<u>24,923,858</u>
Cash and cash equivalents at the beginning of the year	14	<u>24,923,858</u>	-
Total cash and cash equivalents at end of the year	14	<u>(34,033,686)</u>	<u>24,923,858</u>

The accounting policies on pages 12 to 15 and the notes on pages 16 to 21 form an integral part of the annual report and financial statements.

Pidilite East Africa Limited

Annual Report And Financial Statements for the year ended March 31, 2021

Significant Accounting Policies

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 Kenyan Shillings and rounded off to the nearest Shilling.

These accounting policies are consistent with the previous period.

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 and intangible assets 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.

Pidilite East Africa Limited

Annual Report And Financial Statements for the year ended March 31, 2021

Significant Accounting Policies

1.2 Plant and equipment (continued)

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.

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

Item	Depreciation method	Rate per annum (%)
Plant and machinery	Straight line	12.5 and 37.5
Furniture and fixtures	Straight line	12.5
Motor vehicles	Straight line	25 and 37.5
Office equipment	Straight line	12.5
IT equipment	Straight line	30
Loose tools	Straight line	33.3
Cylinders printing	Straight line	30

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.

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Annual Report And Financial Statements for the year ended March 31, 2021

Significant Accounting Policies

1.4 Tax (continued)

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.

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 Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell, on the first-in, first-out (FIFO) basis.

1.7 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 years. A reversal of impairment is recognised immediately in profit or loss.

1.8 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 period in which they are declared.

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Significant Accounting Policies

1.9 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.

1.10 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.

1.11 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.

1.12 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.

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Figures in Shillings	2021	13 months ended 31 March 2020
2. Revenue		
Sale of goods	109,239,941	-
3. Cost of sales		
Sale of goods		
Cost of goods sold	99,684,495	-
Closing stock	(22,774,879)	-
	76,909,616	-
Direct costs		
Staff costs (Note 6)	8,328,833	-
Warehouse expenses	13,000	-
KEBS levy	93,215	-
Repairs and maintenance	328,197	-
Utilities	610,520	-
Environment and safety	67,940	-
Inspection and calibration charges	105,165	-
Lease rentals on operating lease	3,823,229	-
	13,370,099	-
	90,279,715	-
4. Other income		
Realised exchange differences	868,021	741,395
Interest income	48,978	142,250
Sale of scrap	8,000	-
	924,999	883,645
5. Operating expenses		
The following items are included within operating expenses:		
Transition support fees	18,390,000	-
Staff costs (Note 6)	12,785,006	379,918
Depreciation and amortisation	7,441,897	-
Lease rentals on operating lease	1,969,542	3,861,848
Licence and permits	520,472	1,971,742
Legal and professional fees	1,663,497	1,612,111
Electricity and water	397,411	303,351
Auditors remuneration	625,000	265,000
Bank charges	177,947	65,399
Software maintenance	61,515	38,793
Printing and stationery	247,270	14,246
Telephone and postage	454,828	6,800
Technical service fee	984,880	-
Advertising and promotion	2,997,228	-
Insurance	200,633	-
Motor vehicle expenses	771,348	-
Secretarial fees	113,800	-
Repairs and maintenance	476,544	-
Subscriptions	37,776	-
Security	43,217	-
Travelling	279,131	-

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Notes to the Annual Report And Financial Statements

Figures in Shillings	2021	13 months ended 31 March 2020
Fines and penalties	7,530	-
Stamp duty	120,820	-
Office expenses	307,700	-
Commissions	240,000	-
Delivery expenses	453,894	-
	51,768,886	8,519,208
6. Staff costs		
Direct staff costs		
Salaries and wages	8,205,673	-
Travel allowances	123,160	-
	8,328,833	-
Indirect staff costs		
Salaries and wages	10,691,449	312,243
Work permit	424,384	66,675
Relocation expenses	113,580	-
Recruitment expenses	441,730	-
NSSF company contribution	66,900	1,000
Staff welfare	1,046,963	-
	12,785,006	379,918
Total staff costs		
Direct staff costs	8,328,833	-
Indirect staff costs	12,785,006	379,918
	21,113,839	379,918
Average number of persons employed during the year was:		
Administration	7	2
Distribution	3	-
Production	5	-
Sales	9	-
	24	2
7. Finance costs		
Interest on overdraft	346,118	-
Facility fees	657,935	-
	1,004,053	-
8. Taxation		
Major components of the tax (income) expense		
Current taxation		
Local normal tax - current year	12,857	42,675
Deferred taxation		
Local deferred tax - current year	(9,231,069)	-
	(9,218,212)	42,675

Pidilite East Africa Limited

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Notes to the Annual Report And Financial Statements

Figures in Shillings	2021	13 months ended 31 March 2020
8. Taxation (continued)		
Reconciliation of the tax expense		
Reconciliation between accounting loss and tax expense.		
Accounting loss	(32,887,714)	(7,635,563)
Tax at the applicable tax rate of (2021: 9 months 25%, 3 months 30% (2020: 30%))	(8,633,025)	(2,290,669)
Tax effect of adjustments on taxable income		
Expenses not deductible for tax purposes	6,350	2,333,344
Income not subject to tax	(591,537)	-
	(9,218,212)	42,675
9. Tax paid		
Balance at beginning of the year	(42,675)	-
Current tax for the period recognised directly in interest income	(12,857)	(42,675)
Balance at end of the year	(625,281)	42,675
	(680,813)	-

10. Plant and equipment

	2021			2020		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Plant and machinery	17,316,435	(2,470,986)	14,845,449	-	-	-
Furniture and fixtures	13,922,923	(1,740,365)	12,182,558	268,879	-	268,879
Motor vehicles	7,858,999	(2,691,218)	5,167,781	-	-	-
Office equipment	527,180	(65,897)	461,283	-	-	-
IT equipment	653,723	(188,417)	465,306	300,405	-	300,405
Cylinders - printing	710,300	(213,090)	497,210	-	-	-
Tools and dies	215,987	(71,924)	144,063	-	-	-
Capital work in progress	9,922,677	-	9,922,677	28,885,519	-	28,885,519
Total	51,128,224	(7,441,897)	43,686,327	29,454,803	-	29,454,803

Reconciliation of plant and equipment - 2021

	Opening balance	Additions	Transfers	Depreciation	Closing balance
Plant and machinery	-	-	17,316,435	(2,470,986)	14,845,449
Furniture and fixtures	268,879	601,597	13,052,447	(1,740,365)	12,182,558
Motor vehicles	-	7,858,999	-	(2,691,218)	5,167,781
Office equipment	-	527,180	-	(65,897)	461,283
IT equipment	300,405	353,318	-	(188,417)	465,306
Cylinders - printing	-	710,300	-	(213,090)	497,210
Tools and dies	-	215,987	-	(71,924)	144,063
Capital work in progress	28,885,519	11,406,040	(30,368,882)	-	9,922,677
	29,454,803	21,673,421	-	(7,441,897)	43,686,327

Pidilite East Africa Limited

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Notes to the Annual Report And Financial Statements

Figures in Shillings	2021	13 months ended 31 March 2020
10. Plant and equipment (continued)		
Reconciliation of plant and equipment - 2020		
	Opening balance	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
	- 29,454,803	29,454,803
11. Deferred tax		
Deferred tax asset	9,231,069	-
Reconciliation of deferred tax asset		
Recognised in profit or loss:		
Unused tax losses	13,719,575	-
Accelerated capital allowance	(4,488,506)	-
	9,231,069	-
At end of year	9,231,069	-
12. Inventories		
Raw materials	2,641,407	-
Finished goods	3,098,482	-
Trading items	15,402,149	-
Packing materials	1,632,841	-
Goods in transit	7,093,082	-
	29,867,961	-
13. Trade and other receivables		
Trade receivables	29,373,554	-
Prepayments	652,378	733,425
Deposits	1,477,541	1,448,193
VAT	10,513,680	2,973,740
Amounts due from related parties (Note 18)	50,158,348	-
Other receivables	856,488	554,602
	93,031,989	5,709,960
14. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	53,066	-
Bank balances	9,840,164	24,923,858
Bank overdraft	(43,926,916)	-
	(34,033,686)	24,923,858

Pidilite East Africa Limited

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Notes to the Annual Report And Financial Statements

Figures in Shillings	2021	13 months ended 31 March 2020
14. Cash and cash equivalents (continued)		
Current assets	9,893,230	24,923,858
Current liabilities	(43,926,916)	-
	(34,033,686)	24,923,858
<p>The bank overdraft from Standard Chartered Bank Kenya Limited is secured by a debenture charge of USD 1,000,000 over the company's receivables and stocks and a non-standard letter of comfort.</p>		
15. Share capital		
Authorised		
1,000,000 Ordinary shares of Ksh 1,000 each (2020: 65,000 Ordinary shares of Ksh 1,000 each)	1,000,000,000	65,000,000
Issued		
128,000 Ordinary shares of Ksh 1,000 each (2020: 65,000 Ordinary shares of Ksh 1,000 each)	128,000,000	65,000,000
16. Trade and other payables		
Trade payables	23,805,949	101,874
Other payables	4,064,601	364,999
Amounts due to related parties (Note 18)	17,886,131	2,257,311
	45,756,681	2,724,184
17. Cash used in operations		
Loss before taxation	(32,887,714)	(7,635,563)
Adjustments for:		
Depreciation	7,441,897	-
Finance costs	1,004,053	-
Changes in working capital:		
Inventories	(29,867,961)	-
Trade and other receivables	(87,322,029)	(5,709,960)
Trade and other payables	43,032,497	2,724,184
	(98,599,257)	(10,621,339)
18. Related parties		
Related party balances and transactions		
Related party balances		
Amounts due to related parties		
Pidilite Industries Limited (India)	14,752,090	1,905,942
Sai Office Supplies Limited	-	351,369
ASL Limited Trading Division	19,964	-
ASL Packaging Limited	387,075	-
Pidilite MEA Chemicals LLC	2,695,494	-
Travelshoppe Company Limited	31,508	-
	17,886,131	2,257,311

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Figures in Shillings	2021	13 months ended 31 March 2020
18. Related parties (continued)		
Amounts due from related parties		
Regal Paints Uganda Limited	8,285,614	-
Sai Office Supplies Uganda Limited	3,173,665	-
ASL Limited - Trading Division	5,245,929	-
Crown Paints Kenya Plc	30,101,691	-
Crown Paints Kenya Plc - Mombasa	3,351,449	-
	50,158,348	-
Compensation paid to key management		
Short-term employee benefits	-	-
Pidilite East Africa Limited is related to the above companies by virtue of common control and directorship.		
19. Commitments		
There were no commitments for the year ended March 31, 2021.		
20. Contingencies		
There were no contingencies for the year ended March 31, 2021.		
21. Comparative figures		
Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.		
22. Events after the reporting period		
The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.		
23. Categories of financial instruments		
Debt instruments at amortised cost		
Trade and other receivables	93,031,989	5,709,960
Cash and cash equivalents	9,893,230	24,923,858
	102,925,219	30,633,818
Equity instruments at cost less impairment		
Deferred tax	9,238,854	-
Current tax receivable	625,281	-
Current tax payable	-	42,675
	9,864,135	42,675
Financial liabilities at amortised cost		
Trade and other payables	45,782,633	2,724,184
Bank overdraft	43,926,916	-
	89,709,549	2,724,184