

**INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS
OF
PIDILITE SPECIALITY CHEMICALS BANGLADESH PRIVATE LTD.
AS AT AND FOR THE YEAR ENDED 31 MARCH 2023**



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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 financial statements of Pidilite Speciality Chemicals Bangladesh Private Ltd., (the company), which comprise the statement of financial position as at 31 March 2023, and the 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 ethical responsibilities in accordance with these requirement. 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 of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations, 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 charge with governance are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. But not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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 explanation 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 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: 02 May 2023
Dhaka

Ahmed Mashuque & Co.
Chartered Accountants
Mashuque Ahmed FCA
Senior Partner and CEO
Enrolment number: 690
DVC: 2305150690AS505282

Pidilite Speciality Chemicals Bangladesh Private Ltd.
Statement of financial position
As at 31 March 2023

Particulars	Notes	Amount in Taka	
		31 March 2023	31 March 2022
Assets			
Property, plant and equipment	4.00	645,097,787	673,098,734
Intangible Assets	5.00	9,992,968	12,872,562
Capital work-in-progress	6.00	11,052,390	1,447,440
Right to use of assets	7.00	36,046,254	44,402,754
Investment in shares	8.00	44,000	44,000
Security deposit	9.00	4,024,000	4,024,000
Non current assets		706,257,400	735,889,490
Inventories	10.00	406,064,688	373,439,233
Goods in transit	11.00	11,686,327	44,330,173
Accounts receivable	12.00	343,349,280	211,353,318
Advances, deposits and prepayments	13.00	39,947,686	43,010,516
Net advance Income Tax	22.00	8,775,597	-
Cash and cash equivalent	14.00	321,221,506	104,545,467
Current assets		1,131,045,084	776,678,707
Total assets		1,837,302,484	1,512,568,197
Equity and liabilities			
Equity			
Share capital	15.00	352,694,500	352,694,500
Retained earnings		937,070,837	794,262,181
Total equity		1,289,765,337	1,146,956,681
Liabilities			
Deferred tax liabilities	16.00	32,402,066	35,029,563
Lease Liability	17.00	36,643,810	44,199,260
Provision for leave encashment		16,037,815	15,100,981
Non current liabilities		85,083,691	94,329,804
Accounts payable		274,712,436	181,117,579
Short term loan	18.00	148,931,596	-
Employee benefits expenses payable	19.00	4,064,298	11,153,208
Current portion of long term loan & lease liability	20.00	7,555,461	6,854,316
Provision for expenses	21.00	22,107,466	43,376,541
Net current tax liability	22.00	-	24,200,485
Provision for leave encashment		5,082,201	4,579,583
Current liabilities		462,453,457	271,281,712
Total liabilities		547,537,147	365,611,516
Total equity and liabilities		1,837,302,484	1,512,568,197

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

Chief-Accounts & Finance

Director

Director

Signed in terms of our separate report of even date annexed

Dated: 02 May 2023
Dhaka



Ahmed Mashuque & Co.
Chartered Accountants
Mashuque Ahmed FCA
Senior Partner and CEO
Enrolment number: 690
DVC: 2305150690AS505282

Pidilite Speciality Chemicals Bangladesh Private Ltd.
Statement of profit or loss and other comprehensive income
For the year ended 31 March 2023

Particulars	Notes	Amount in Taka	
		1 April 2022 to 31 March 2023	1 April 2021 to 31 March 2022
Income			
Sales	23.00	2,287,958,580	1,961,309,302
Other income	24.00	5,232,937	4,052,619
		2,293,191,518	1,965,361,921
Cost of materials	25.00	1,512,309,832	1,219,303,280
Changes in inventory of finished goods and work-in-progress	26.00	2,312,039	(36,192,850)
Operating expenses	27.00	45,409,047	36,313,352
Administrative expenses	28.00	53,879,234	41,470,396
Selling and distribution expenses	29.00	145,571,295	128,063,169
Employee benefits expenses	30.00	231,283,854	199,699,330
Foreign exchange loss		25,716,918	2,712,638
Depreciation and Amortization	31.00	65,601,377	64,854,242
Expenditure		2,082,083,597	1,656,223,558
Operating profit for the year		211,107,921	309,138,364
Net Finance expense	32.00	(7,359,709)	(11,803,585)
Profit before WPPF provision and income tax for the year		203,748,212	297,334,778
Workers' profit participation fund		9,702,296	14,158,799
Profit before income tax for the year		194,045,916	283,175,980
Income tax expense		54,314,044	84,999,031
Current tax		58,108,597	85,480,042
Deferred tax		(3,794,553)	(481,011)
Net profit after income tax for the year		139,731,872	198,176,949
Other Comprehensive Income/(Loss) :			
Remeasurement of defined benefit plan		4,243,840	1,064,943
Tax on Other Comprehensive Income		(1,167,056)	(319,483)
Total other Comprehensive Income / (Loss), net of tax		3,076,784	745,460
Total Comprehensive Income for the year		142,808,656	198,922,409
(Transferred to statement of changes in equity)			

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



Chief-Accounts & Finance


Director


Director

Signed in terms of our separate report of even date annexed

Dated: 02 May 2023
Dhaka


Ahmed Mashuque & Co.
Chartered Accountants
Mashuque Ahmed FCA
Senior Partner and CEO
Enrolment number: 690
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Pidilite Speciality Chemicals Bangladesh Private Ltd.
Statement of changes in equity
For the year ended 31 March 2023

Particulars	<i>Amount in Taka</i>		
	Share capital	Retained earnings	Total
Balance as at 1 April 2021	352,694,500	595,339,773	948,034,273
Addition during the year	-	198,922,408	198,922,408
Balance as at 31 March 2022	352,694,500	794,262,181	1,146,956,681
Balance as at 1 April 2022	352,694,500	794,262,181	1,146,956,681
Addition during the year	-	142,808,656	142,808,656
Balance as at 31 March 2023	352,694,500	937,070,837	1,289,765,337

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



Chief-Accounts & Finance



Director



Director

Dated: 02 May 2023
 Dhaka



Pidilite Speciality Chemicals Bangladesh Private Ltd.
Statement of cash flows
For the year ended 31 March 2023

Particulars	Amount in Taka	
	01 April 2022 to 31 March 2023	01 April 2021 to 31 March 2022
A. Cash flows from operating activities		
Collection from sales	2,165,398,390	1,970,188,696
Payment to suppliers	(1,421,008,602)	(1,286,300,303)
Payment for expenses	(547,256,864)	(395,912,526)
Income tax paid	(91,084,679)	(56,015,090)
Net cash generated from operating activities	106,048,245	231,960,776
B. Cash flows from investing activities:		
Acquisition of fixed assets	(24,875,891)	(48,424,957)
Investment in shares	-	-
Capital work-in-progress	(11,052,390)	(1,447,440)
Net cash used in investing activities	(35,928,281)	(49,872,397)
C. Cash flows from financing activities:		
Short term loan received/(payment)	148,931,596	(122,286,709)
Interest paid	(2,375,521)	(6,225,807)
Net cash used in financing activities	146,556,075	(128,512,516)
Net changes in cash and bank balances (A+B+C)	216,676,039	53,575,863
Add: Cash and bank balances at the beginning of the year	104,545,467	50,969,604
Cash and bank balances at the end of the year	321,221,506	104,545,467

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



Chief-Accounts & Finance



Director



Director

Dated: 02 May 2023
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 2023

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 2022 to 31 March 2023 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 02 May 2023

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 - 19	Employee benefits expenses payable
Note - 21	Provision for expenses

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%
Software license	20%
VAT Software	30%

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 has adopted 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.

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% for city office and 9% for warehouse.

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:

- less any accumulated depreciation and any accumulated impairment losses; and
- 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%
Warehouse	72	9.0%

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

During the year ended on 31 March 2023 applicable income tax rate on income of manufacturing operations was 27.50%. Further, 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.



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 Law, 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

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 2023	31 March 2022
BDT/USD	105.06	86.25

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.

3.19 Significant information related to factory land

"Pidilite Speciality Chemicals Bangladesh Pvt. Ltd. purchased and possessed total 1.5415 acres land in West Mukterpur, Munshiganj. Recently Roads & Highways department of Bangladesh Govt. wanted to acquire 0.23 acres land for road extension purposes and sent a notice for vacant the space. And Govt. also raised a claim that 0.15 acres land is "Khas Land" and the company possessed illegally out of their requirement of 0.23 acres. Against this claim the Company filed a writ petition to honorable high court requesting them to review the compensation, allow us time and proper hearing opportunity be given and the decision is pending yet. However, the company is eligible to get compensation for the rest area 0.08 acres land and any construction on the land. Govt considered the value of compensation for this land and building is Tk. 1,34,93,832.00. Due to no response from DC office PSCBPL filed a Writ Petition No 11630 of 2022 before the High Court Division and on 24 October 2022 honorable Court passed an order of Rule Nisi with 03 months Status Quo. Lastly Status Quo extended on 03 April 2023 for a further 06 months. So, there is risk not to get the compensation of land 0.15 acres and construction thereof.



4 Property, plant and equipment
For 2023

Asset Category	Cost						Depreciation				Carrying value at 31 March 2023
	As at 1 April 2022	Addition during the year	Disposal/ Adjustment	As at 31 March 2023	Rate	As at 1 April 2022	Charged during the year	Disposal/ Adjustment	As at 31 March 2023		
Freehold land	184,959,523	-	-	184,959,523		-	-	-	-	184,959,523	
Factory buildings	315,334,864	8,242,292	-	323,577,156	5%	84,841,581	15,941,503	-	100,783,084	222,794,072	
Machinery and equipment	424,797,259	14,127,204	2,019,046	436,905,417	10%	258,505,216	24,761,955	1,924,172	281,343,000	155,562,417	
Furniture and fixtures	25,371,457	447,963	-	25,819,420	10%	9,173,846	2,175,909	-	11,349,755	14,469,665	
Office equipment	111,764,872	3,641,752	-	115,406,624	10%	36,608,598	11,485,915	-	48,094,514	67,312,110	
As at 31 March 2023	1,062,227,975	26,459,211	2,019,046	1,086,668,140		389,129,241	54,365,283	1,924,172	441,570,353	645,097,787	

5 Intangible Assets
For 2023

Asset Category	Cost				Amortization				Carrying value at 31 March 2023	
	As at 1 April 2022	Addition during the year	Disposal/ Adjustment	As at 31 March 2023	Rate	As at 1 April 2022	Charged during the year	Disposal/ Adjustment		As at 31 March 2023
Software & Software License	14,100,810	-	-	14,100,810	20%	1,228,248.29	2,879,593	-	4,107,842	9,992,968
As at	14,100,810	-	-	14,100,810		1,228,248	2,879,593	-	4,107,842	9,992,968



		Amount in Taka	
		31 March 2023	31 March 2022
6.00 Capital work-in-progress			
Opening balance	1,447,440	40,302,077	
Addition during the year	11,052,390	1,447,440	
Less: Transferred to Property, Plant & Equipment	1,447,440	40,302,077	
Closing balance	11,052,390	1,447,440	
Assets wise details as follows:			
Machinery and equipment	11,052,390	1,447,440	
Building- Valuka project	-	-	
	11,052,390	1,447,440	
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	44,402,754	52,863,914	
Adjustment during the year	-	(130,830)	
Depreciation during the year	(8,356,500)	(8,330,330)	
Closing balance	36,046,254	44,402,754	
8.00 Investment in shares			
Nina Percept (Bangladesh) Pvt. Ltd.	44,000	44,000	
	44,000	44,000	
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. 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 Security deposit			
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 (Mymenshingh Palli Bidyut Samity)	385,000	385,000	
Bank Guarantee of Titas Gas-Bhaluka	371,500	371,500	
Security deposit to Linde Bangladesh Limited.	20,000	20,000	
Security deposit to City Office and warehouse Rent.	2,730,000	2,730,000	
	4,024,000	4,024,000	
10.00 Inventories			
Raw materials	217,655,232	173,720,457	
Packing materials	29,773,394	23,217,489	
Work in progress	4,962,450	1,437,035	
Manufactured finished goods	104,832,964	105,266,675	
Imported finished goods	56,943,431	74,484,655	
Stores and spares	2,150,629	1,663,629	
Provision for Raw materials and Packing materials	(6,297,696)	6,523,550	
Provision for Finished goods	(3,955,717)	(12,874,257)	
	406,064,688	373,439,233	
11.00 Goods in transit			
Raw materials	11,686,327	44,330,173	
	11,686,327	44,330,173	
12.00 Accounts receivable			
Sundry Receivables - Exports	25,547,076	15,211,132	
Sundry Receivables - Domestic	349,869,231	227,672,845	
Provision for bad debts	(32,067,027)	(31,530,658)	
	343,349,280	211,353,319	

		Amount in Taka	
		31 March 2023	31 March 2022
13.00	Advances, deposits and prepayments		
	Advances		
	Advance to employees	5,638,000	5,099,581
	VAT receivable	4,668,214	12,307,774
	Deposits		
	Advance against Import Duty	8,068,780	7,024,844
	LC Margin	11,298,729	5,845,380
	Prepayments		
	Office rent	-	136,690
	Warehouse rent	3,375,000	4,875,000
	Insurance	6,898,963	7,108,764
	Other prepaid and deferred expense for imported materials	-	612,483
		39,947,686	43,010,516
14.00	Cash & Cash equivalent		
	Cash in hand	163	166,340
	Cash at bank		
	Dutch Bangla Bank Ltd.	156,960	98,840
	Standard Chartered Bank	274,472,325	58,459,889
	Citibank N.A	46,592,058	45,820,398
		321,221,506	104,545,467
15.00	Share capital		
	Authorized		
	50,00,000 ordinary shares of Taka 100 each	500,000,000	500,000,000
	Issued, subscribed and paid-up		
	3,526,945 ordinary shares of Taka 100 each	352,694,500	352,694,500
	Shareholding position of the company is as follows :		
	Pidilite International Pte. Ltd (Singapore)	349,150,500	349,150,500
	Pidilite Middle East Ltd (United Arab Emirates)	3,544,000	3,544,000
		352,694,500	352,694,500
16.00	Deferred tax liabilities		
	Deferred tax has been recognized and measured in accordance with the provision of IAS 12, Income taxes.		
	Deferred tax arrived at as follows:		
		As at 31 March 2023	Taxable/ (deductible)
		Carrying amount	Temporary difference
	Property, plant and equipment		
	Factory buildings	222,794,072	93,450,011
	Machinery and equipment	155,562,417	32,805,975
	Furniture and fixtures	14,469,665	(2,358,633)
	Mechanical office equipment	67,312,110	26,882,688
	Software & Software License	9,992,968	(887,318)
		470,131,233	149,892,722
	Provision for doubtful debts	32,067,027	(32,067,027)
	Net temporary difference		117,825,695
	Tax rate		27.50%
	Deferred tax liability		32,402,066
	Change in deferred tax assets and liability		
	Opening balance	35,029,563	35,191,091
	Provision recognized in Profit & Loss	(3,794,553)	(481,011)
	Provision Recognized in Other Comprehensive Income	1,167,056	319,483
	Balance as at 31 March - Deferred tax liability	32,402,066	35,029,563



		Amount in Taka	
		31 March 2023	31 March 2022
17.00	Lease liability		
	Opening balance	51,053,576	57,272,639
	Less: Addition/Adjustment during the year	4,985,910	172,500
	Less: paid during the year	(11,838,516)	(6,391,563)
	Closing balance	44,200,970	51,053,576
	Less: Current portion of lease liability	7,557,160	6,854,316
	Long term lease liability	36,643,810	44,199,260
18.00	Short term loan		
	UPAS Facility	148,931,596	-
		148,931,596	-
19.00	Employee benefits expenses payable		
	Employees' Retirement Gratuity	-	-
	Workers' Profit Participation and Welfare Fund	9,702,296	13,058,799
	Salary allowances	15,482,018	17,774,973
		25,184,314	30,833,772
19.01	Employees' Retirement Gratuity		
	Present value of defined benefit obligation	54,733,367	49,131,710
	Fair value of plan assets	(54,733,367)	(49,131,710)
		-	-
	Movement in the present value of the defined benefit obligation are as follows		
	Opening balance	49,131,710	46,486,229
	Current service cost	8,773,433	7,190,643
	Interest cost	3,376,992	2,715,591
	Actuarial (gains)/ losses arising from changes in financial assumption	(5,927,540)	(333,382)
	Actuarial (gains)/ losses arising from changes in experience adjustment	1,514,021	(47,498)
	Benefits paid during the year	(2,135,248)	(6,879,873)
		54,733,368	49,131,710
	Movement in the fair value of the plan assets are as follows		
	Opening balance	49,131,710	36,626,900
	Contributions from employer	-	9,859,329
	Expected Return on Plan Assets	3,503,091	2,219,590
	Actuarial (Gain) / loss	(169,679)	684,064
	Benefits paid during the year	(2,135,248)	(6,879,873)
		50,329,874	42,510,010
	i) Net Benefit (Asset)/Liability		
	Defined benefit obligation	54,733,368	49,131,710
	Fair value of plan assets	50,329,874	42,510,010
	Net Benefit (Asset)/Liability	4,403,494	6,621,700
	ii) Total expenses recognized in the statement of profit and loss		
	Current Service cost	8,773,433	7,190,643
	Interest cost on benefit obligation (net)	(126,100)	496,001
	Total expenses recognized in the statement of profit and loss	8,647,333	7,686,644
	iii) Re-measurement effects recognized in other comprehensive income for the year		
	Actuarial (gains)/ losses arising from changes in demographic assumption	-	-
	Actuarial (gains)/ losses arising from changes in financial assumption	(5,927,540)	(333,382)
	Actuarial (gains)/ losses arising from changes in experience adjustment	1,514,021	(47,498)
	Return on plan asset	169,679	(684,064)
	Recognized in other comprehensive income	4,243,840	1,064,944
	Actual return on plan assets	-	-
	Assumptions employed for the valuations are as follows	%	%
	Expected rate of salary increase	9.00	8.00
	Discount rate	8.47	6.06



		Amount in Taka	
		31 March 2023	31 March 2022
20.00	Current portion of long term loan & lease liability		
	Lease Liability	7,555,461	6,854,316
		7,555,461	6,854,316
21.00	Provision for expenses		
	Professional fees	12,978	115,000
	Security service	310,467	-
	Utilities	591,736	266,186
	Advertising & Promotion expenses	3,700,000	8,430,032
	Travelling and conveyance	2,161,174	2,272,365
	Audit fees	430,000	427,500
	Freight	6,584,721	28,034,765
	Petrol and oil	440,700	219,500
	Telephone	291,000	69,250
	Withholding income tax and VAT payable	355,572	2,662,940
	Interest Payable	1,275,053	-
	Salary & allowances	3,781,193	-
	Other expenses	2,172,872	879,003
		22,107,466	43,376,541
22.00	Net current tax liability /(Net Advance Income Tax)		
	Provision for income tax	72,059,671	90,974,760
	Advance income tax	(80,835,268)	(66,774,275)
		(8,775,597)	24,200,485
22.01	Provision for income tax		
	Opening balance	90,974,760	42,039,288
	Provision made during the year	58,108,597	85,480,042
	Adjustment during the year	(77,023,686)	(36,544,570)
		72,059,671	90,974,760
22.02	Advance income tax		
	Opening balance	66,774,275	47,303,755
	Addition during the year	91,084,679	56,015,090
	Adjustment during the year	(77,023,686)	(36,544,570)
		80,835,268	66,774,275



		Amount in Taka	
		1 April 2022 to 31 March 2023	1 April 2021 to 31 March 2022
23.00	Net Sales		
	Local sales-MFG	1,967,603,191	1,541,136,322
	Export sales-MFG	94,452,441	60,770,730
	Local Sales- Trading	225,902,948	359,402,250
		2,287,958,580	1,961,309,302
24.00	Other income		
	Gain/(Loss) on sale of assets	41,006	6,417
	Refund from PF Forfeiture Account	138,723	67,008
	Sale of scrap	5,053,208	3,979,194
		5,232,937	4,052,619
25.00	Cost of materials		
	Materials consumed	1,357,420,736	969,657,032
	Cost of imported finished goods	154,889,096	249,646,248
	Cost of materials	1,512,309,832	1,219,303,280
25.01	Materials consumed		
	Opening stock	196,937,945	115,604,500
	Purchase during the year	1,407,911,417	1,050,990,478
	Less: Closing stock	(247,428,627)	(196,937,945)
		1,357,420,736	969,657,032
25.02	Cost of imported finished goods		
	Opening stock	74,484,655	89,074,020
	Purchase during the year-FG	137,347,873	235,056,883
	Closing stock	(56,943,431)	(74,484,655)
		154,889,096	249,646,248
26.00	Changes in inventory of finished goods and work-in-progress		
	Opening work-in-progress	1,437,035	9,489,239
	Closing work-in-progress	(4,962,450)	(1,437,035)
	Cost of goods manufactured	(3,525,415)	8,052,204
	Opening finished goods	105,266,675	53,984,084
	Damage and obsolete materials provision	5,403,742	7,037,537
	Closing finished goods	(104,832,964)	(105,266,675)
		2,312,039	(36,192,850)
27.00	Operating expenses		
	Travelling and conveyance	1,174,131	964,638
	Rent others - Rented Vehicle	4,972,353	5,137,959
	Repairs and maintenance	3,198,301	3,957,955
	Consumable materials	6,825,994	3,794,588
	Conventions, seminars and company meetings expense	421,853	661,823
	Fuel and petrol	5,262,357	3,003,331
	Stationery and office supplies	737,236	608,977
	Security service charges	2,972,381	2,641,915
	Cleaning expenses	319,314	640,001
	Telephone and fax	468,990	45,300
	Internet expenses	338,462	235,581
	Electricity charges	4,876,806	4,791,875
	Gas charges	625,888	470,951
	Entertainment	1,802,369	1,208,188
	Insurance	8,949,644	6,742,798
	Testing and certification expenses	391,939	114,021
	License, registration and membership	903,455	136,875
	Environment & Safety	856,143	861,753
	Office maintenance and supplies	311,431	294,823
		45,409,047	36,313,352

Note: 25.01

Note: 25.02



28.00 Administrative expenses

Insurance	555,551	975,509
Recruitment expenses	229,640	434,382
Travelling and conveyance	2,120,513	1,520,340
Rent others - Rented Vehicle	1,674,612	1,490,163
Repairs and maintenance	502,985	114,451
Fuel and petrol	1,823,450	890,500
License, registration and membership	515,367	806,580
Audit fees	325,000	247,500
Audit fees for PF, GF & WPPF	105,000	90,000
Professional fees	4,796,280	2,118,696
Stationeries	364,525	285,354
Postage	528,237	372,401
Telephone and fax	357,431	136,550
Internet expenses	265,950	284,299
Data processing services charges	3,981,220	3,052,060
Electricity charges	444,100	274,772
Books and periodicals	14,919	3,515
Royalty	28,562,780	22,097,810
Board Meeting attendance fee	67,000	88,000
Entertainment	1,160,515	678,853
Bank charges	1,353,371	1,683,875
Office maintenance and supplies	1,010,344	1,050,305
Cleaning expenses	316,974	277,200
Rates and Taxes	1,058,767	-
Bad debts written off	1,208,335	457,260
Bad debts provision	536,369	2,040,020
	53,879,234	41,470,396

29.00 Selling and distribution expenses

Sample expense	717,746	1,025,257
Convention and exhibit expense	19,361,856	15,340,409
Advertising	29,163,222	32,466,077
Sales promotion expenses	5,999,304	3,515,832
Delivery expenses	31,218,308	28,348,135
Insurance	320,143	566,549
Travelling and conveyance	44,661,126	35,138,800
Overseas travelling	1,257,606	176,191
Seminars and company meetings expense	1,706,983	1,270,287
Telephone and fax	3,013,686	2,642,454
Sale agents expenses	4,552,705	5,083,252
Electricity charges	145,223	101,025
Security service charges	637,612	531,160
Internet expenses	100,414	50,001
Fuel and petrol	2,715,361	1,807,740
	145,571,295	128,063,169

30.00 Employee benefits expenses

Salary and allowances	207,615,638	180,513,003
Wages	11,543,396	8,385,399
Employees' retirement gratuity	8,647,333	7,686,644
Group insurance	3,396,825	2,559,716
Employee training	80,662	554,568
	231,283,854	199,699,330



31.00 Depreciation and Amortization		
Depreciation on Property, plant and equipment	54,365,283	55,406,138
Amortization on Intangible Assets	2,879,593	1,117,773
Depreciation of Right to use Lease-CNF WH	5,124,612	5,124,612
Depreciation of Right to use Lease-Office	3,231,888	3,205,718
	65,601,377	64,854,242
32.00 Net finance expense		
Interest expense	2,375,521	6,225,807
Interest cost on Lease Liability-Office	3,068,883	3,256,339
Interest cost on Lease Liability-CNF WH	1,915,305	2,321,439
	7,359,709	11,803,585
33.00 Basic earnings per share (EPS)		
Profit after tax	139,731,872	198,176,948
Number of shares	3,526,945	3,526,945
Basic EPS	39.62	56.19
34.00 Particulars of employee		
Nationality:		
Bangladeshi	226	214
Non-Bangladeshi	3	2
	229	216
Salary range:		
Monthly Taka 3,000 or above	229	216
Monthly below Taka 3,000	-	-
	229	216

35.00 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 2023
			Transaction value	Amount due/(receivable)	
Pidilite Industries Ltd. India	Purchase of finished goods	Parent company through wholly owned subsidiaries	76,995,787	-	-
	Purchase of raw and packing materials		472,974,118	2,860,258	14,546,585
	Royalties		28,962,780	28,962,780	51,060,590
	Expenses against service		9,058,090	9,058,090	23,643,304
	Debit Note		(21,466,487)	(21,466,487)	-

36.00 Capital expenditure commitment

There is no such commitment as at 31 March 2023

37.00 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 and 2018-2019 for an amount BDT 2,40,18,702 and BDT 14,49,20,441 respectively. Assessment year 2019-2020 and 2021-2022 yet to complete . However outcome is uncertain till final assessment . Nevertheless the management feels that the claim by the Tax authority is unjustified and the company has fair grounds for having the judgment in their favor.

