



Pidilite

**Pidilite East Africa Limited
Annual Financial Statements
for the year ended March 31, 2024**

Pidilite East Africa Limited

Annual Financial Statements for the year ended March 31, 2024

General Information

Country of incorporation and domicile	Kenya
Date of incorporation	February 20, 2019
Directors	Prabhakar Jain Rakesh Kumar Rao Hussein Haiderali Ramji Jivraj Naresh Sundardas Dhanwani Anindya Basu Kartik Shirishbhai Patel
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 LLP Certified Public Accountants (Kenya) 5th Floor, Avocado Towers Muthithi Road, Westlands P.O. Box 46986-00100 Nairobi
Company secretary	Mutual Registrars Associates Certified Public Secretaries (K) P.O. Box 45669-00100 Nairobi
Company registration number	PVT-9XUL3LM
Tax reference number	P051764900D

Pidilite East Africa Limited

Annual Financial Statements for the year ended March 31, 2024

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Directors' Report

The directors submit their report together with the audited annual financial statements for the year ended March 31, 2024.

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 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 profit after tax for the year ended March 31, 2024 of Ksh 17,786,348. This represented an increase from the loss after tax of the prior year of Ksh (2,571,193).

Company revenue increased from Ksh 436,664,764 in the prior year to Ksh 595,069,343 for the year ended March 31, 2024.

During the year ended 31 March 2024, the Company recorded cash flows from operating activities of Ksh 17,846,255 compared to cashflow used in operating activities of Ksh (21,424,711) in the prior year.

Economic factors

There has been a surge in construction activities in the country post the presidential elections last year. Robust demand of cementitious products led increase in sale and profit of the current year.

Future prospects

Continuing robust demand and stable currency valuation are expected in the next year and the company is optimistic of successful future.

3. Share capital

Refer to note 15 of the annual 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 (2023: Nil).

5. Directors

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

	Changes
Prabhakar Jain	
Rakesh Kumar Rao	
Hussein Haiderali Ramji Jivraj	
Naresh Sundardas Dhanwani	
Anindya Basu	Appointed March 15, 2023
Kartik Shirishbhai Patel	Appointed March 15, 2023

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.

Pidilite East Africa Limited

Annual Financial Statements for the year ended March 31, 2024

Directors' Report

7. Statement of disclosure to the company's auditor

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 auditor 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 auditor are aware of that information.

8. Terms of appointment of the auditor

Grant Thornton LLP, Certified Public Accountants (K) 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 auditor. 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 financial statements

The annual 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 7, 2024, and were signed on its behalf by:



Kartik Shirishbhai Patel
(Director)

Pidilite East Africa Limited

Annual Financial Statements for the year ended March 31, 2024

Statement of Directors' Responsibilities

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

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

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


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

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

The annual 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 7, 2024 and were signed on its behalf by:



Kartik Shirishbhai Patel
(Director)



Anindya Basu
(Director)

Independent Auditor's Report

To the Shareholder of Pidilite East Africa Limited

Report on the Audit of the Annual Financial Statements

Opinion

We have audited the annual 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, 2024, 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 financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Pidilite East Africa Limited as at March 31, 2024, 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 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 (IESBA Code) and other independence requirements applicable to performing audits of Auditor's Responsibilities for the Audit of the Annual Financial Statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Kenya. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report as required by the Kenyan Companies Act, 2015, which we obtained prior to the date of this report. The other information does not include the annual financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors and Those charged with Governance for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual 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.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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 financial statements.

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

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion the information given in the report of the directors on page 3 - 4 is consistent with the Annual Financial Statements.

The engagement partner responsible for the audit resulting in this independent auditor's report was CPA Alfred Siele, Practicing Certificate No. 1690.

 Grant Thornton LLP
Certified Public Accountants

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

T. Siele
21st May 2024

P/910/0324/AUD

Pidilite East Africa Limited

Annual Financial Statements for the year ended March 31, 2024

Statement of Profit or Loss and Other Comprehensive Income

Figures in Shillings	Note(s)	2024	2023
Revenue	2	595,069,343	436,664,764
Cost of sales	3	(406,242,073)	(313,159,266)
Gross profit		188,827,270	123,505,498
Other income	4	522,851	271,398
Operating expenses	5	(152,434,077)	(118,510,335)
Operating profit		36,916,044	5,266,561
Finance costs	7	(7,990,168)	(7,266,501)
Profit /(loss) before taxation		28,925,876	(1,999,940)
Taxation	8	(11,139,528)	(571,253)
Profit /(loss) for the year		17,786,348	(2,571,193)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		17,786,348	(2,571,193)

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


Pidilite East Africa Limited

Annual Financial Statements for the year ended March 31, 2024


Statement of Financial Position as at March 31, 2024

Figures in Shillings	Note(s)	2024	2023
Assets			
Non-Current Assets			
Plant and equipment	10	31,195,220	36,782,151
Deferred tax	11	4,844,586	11,730,468
		36,039,806	48,512,619
Current Assets			
Inventories	12	101,415,247	59,165,349
Trade and other receivables	13	191,490,250	156,936,107
Tax receivable	9	-	763,918
Cash and bank balances	14	14,309,002	198,426
		307,214,499	217,063,800
Total Assets		343,254,305	265,576,419
Equity and Liabilities			
Equity			
Share capital	15	174,000,000	174,000,000
Accumulated losses		(14,647,784)	(32,434,132)
		159,352,216	141,565,868
Liabilities			
Current Liabilities			
Trade and other payables	16	123,853,248	64,457,090
Tax payable	9	4,025,057	-
Bank overdraft	14	56,023,784	59,553,461
		183,902,089	124,010,551
Total Equity and Liabilities		343,254,305	265,576,419

The annual financial statements and the notes on pages 8 to 21, were approved by the board of directors on May 7, 2024 and were signed on its behalf by:



Kartik Shirishbhai Patel
(Director)



Anindya Basu
(Director)

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

Pidilite East Africa Limited

Annual Financial Statements for the year ended March 31, 2024

Statement of Changes in Equity

Figures in Shillings	Share capital	Accumulated losses	Total equity
Balance at April 1, 2022	174,000,000	(29,862,939)	144,137,061
Loss for the year	-	(2,571,193)	(2,571,193)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(2,571,193)	(2,571,193)
Balance at April 1, 2023	174,000,000	(32,434,132)	141,565,868
Profit for the year	-	17,786,348	17,786,348
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	17,786,348	17,786,348
Balance at March 31, 2024	174,000,000	(14,647,784)	159,352,216
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 financial statements.

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Statement of Cash Flows

Figures in Shillings	Note(s)	2024	2023
Cash flows from / (used in) operating activities			
Cash generated from / (used in) operations	18	25,301,094	(14,046,316)
Finance costs	7	(7,990,168)	(7,266,501)
Tax received /(paid)	9	535,329	(111,894)
Net cash from / (used in) operating activities		17,846,255	(21,424,711)
Cash flows used in investing activities			
Purchase of plant and equipment	10	(1,521,003)	(5,350,182)
Sale of plant and equipment	10	1,315,001	47,481
Net cash used in investing activities		(206,002)	(5,302,701)
Total cash and cash equivalents movement for the year		17,640,253	(26,727,412)
Cash and cash equivalents at the beginning of the year	14	(59,355,035)	(32,627,623)
Total cash and cash equivalents at end of the year	14	(41,714,782)	(59,355,035)

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

Pidilite East Africa Limited

Annual Financial Statements for the year ended March 31, 2024

Significant Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The annual 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 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 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 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.

Allowance for slow moving, damaged and obsolete inventory

Management assesses whether inventory is impaired by comparing its cost to its estimated selling price less costs to complete and sell. Where an impairment is necessary, inventory items are written down to selling price less costs to complete and sell. The write down is included in cost of sales, note 3.

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.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available.

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.

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Significant Accounting Policies

1.2 Plant and equipment (continued)

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

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

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

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.

Pidilite East Africa Limited

Annual Financial Statements for the year ended March 31, 2024

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 weighted average cost 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.

Pidilite East Africa Limited

Annual Financial Statements for the year ended March 31, 2024

Significant Accounting Policies

1.9 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

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 stature 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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Notes to the Annual Financial Statements

Figures in Shillings	2024	2023
2. Revenue		
Sale of goods	595,069,343	436,664,764
3. Cost of sales		
Cost of goods sold	414,875,458	308,469,856
Opening stock	44,857,095	38,891,995
Closing stock	(65,056,600)	(44,857,095)
	<u>394,675,953</u>	<u>302,504,756</u>
Direct costs		
Staff costs (Note 6)	4,285,818	3,857,736
KEBS levy	40,611	152,202
Repairs and maintenance	1,039,814	827,505
Utilities	1,391,646	1,424,293
Environment and safety	103,691	10,500
Inspection and calibration charges	111,500	113,000
Operating lease rent	4,553,895	4,269,274
KPA	39,145	-
	<u>11,566,120</u>	<u>10,654,510</u>
	<u>406,242,073</u>	<u>313,159,266</u>
4. Other income		
Profit on sale of assets	417,993	3,196
Sale of scrap	104,858	268,202
	<u>522,851</u>	<u>271,398</u>
5. Operating expenses		
The following items are included within operating expenses:		
Staff costs (Note 6)	76,485,163	58,509,093
Depreciation and amortisation	6,210,926	8,731,971
Lease rentals on operating lease	2,242,963	2,102,777
Licence and permits	7,151,032	4,427,551
Legal and professional fees	1,228,871	1,164,321
Electricity and water	657,416	1,018,970
Auditors remuneration	800,000	800,000
Bank charges	2,417,487	1,468,024
Software maintenance	316,500	225,300
Printing and stationery	72,182	31,024
Telephone and postage	1,159,654	1,323,982
Technical service fee	2,228,393	2,267,665
Provision for doubtful debts	440,695	392,617
Advertising and promotion	10,220,419	9,401,757
Insurance	3,137,821	1,611,341
Motor vehicle expenses	4,304,173	3,657,900
Secretarial fees	-	17,979
Repairs and maintenance	1,320,788	1,254,614
Subscriptions	179,025	137,695
Security	-	16,000
Travelling	6,894,474	6,844,947
Stamp duty	-	88,051
Meeting expenses	19,200	-
Motor vehicle running	764,458	42,985
Office expenses	2,011,914	2,213,849

Pidilite East Africa Limited

Annual Financial Statements for the year ended March 31, 2024

Notes to the Annual Financial Statements

Figures in Shillings	2024	2023
Delivery expenses	5,276,748	3,661,002
Loss on exchange differences (See below)	10,344,488	7,277,426
Transport and freight	-	(178,506)
Impairment of asset	6,549,287	-
	<u>152,434,077</u>	<u>118,510,335</u>
Realised exchange differences		
Realised exchange gain	3,723,289	6,375,575
Unrealised exchange loss	6,621,199	901,851
	<u>10,344,488</u>	<u>7,277,426</u>
6. Staff costs		
Direct staff costs		
Salaries and wages	3,909,364	3,622,044
Travel allowances	376,454	235,692
	<u>4,285,818</u>	<u>3,857,736</u>
Indirect staff costs		
Salaries and wages	70,375,817	56,482,075
Work permit	377,953	400,278
Staff gratuity allowance	283,947	-
Medical aid - company contributions	32,400	26,898
Recruitment expenses	916,952	302,047
NITA levy	21,100	20,850
NSSF company contribution	1,385,500	284,481
Staff welfare	3,091,494	992,464
	<u>76,485,163</u>	<u>58,509,093</u>
Average number of persons employed during the year was:		
Administration	27	29
Factory	6	6
	<u>33</u>	<u>35</u>
7. Finance costs		
Interest on overdraft	7,990,168	6,385,736
Facility fees	-	880,765
	<u>7,990,168</u>	<u>7,266,501</u>
8. Taxation		
Major components of the tax expense		
Current taxation		
Local normal tax - current year	4,253,646	-
Deferred taxation		
Local deferred tax - current year	6,885,882	571,253
	<u>11,139,528</u>	<u>571,253</u>

Pidilite East Africa Limited

Annual Financial Statements for the year ended March 31, 2024

Notes to the Annual Financial Statements

Figures in Shillings 2024 2023

8. Taxation (continued)

Reconciliation of the tax expense

Reconciliation between accounting loss and tax expense.

Accounting profit (loss)	28,925,876	(1,999,940)
Tax at the applicable tax rate of (2024: 30%) (2023: 30%)	8,677,763	(599,982)
Tax effect of adjustments on taxable income		
Expenses not deductible for tax purposes	2,461,765	3,419,126
Income not subject to tax	-	(829,366)
Deferred tax effect	-	(1,418,525)
	11,139,528	571,253

9. Tax paid

Balance at beginning of the year	763,918	652,024
Current tax for the period recognised directly in interest income	(4,253,646)	-
Balance at end of the year	4,025,057	(763,918)
	535,329	(111,894)

10. Plant and equipment

	2024			2023		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Plant and machinery	24,326,823	(12,023,603)	12,303,220	23,847,113	(8,848,701)	14,998,412
Furniture and fixtures	20,141,299	(8,970,793)	11,170,506	20,141,299	(6,488,531)	13,652,768
Motor vehicles	6,001,530	(5,734,188)	267,342	7,858,999	(7,347,187)	511,812
Office equipment	532,094	(264,206)	267,888	532,094	(197,692)	334,402
IT equipment	1,595,351	(1,295,799)	299,552	1,630,792	(966,452)	664,340
Cylinders - printing	1,069,300	(731,875)	337,425	710,300	(639,270)	71,030
Tools and dies	215,987	(215,987)	-	215,987	(215,887)	100
Capital work in progress	6,549,287	-	6,549,287	6,549,287	-	6,549,287
Total	60,431,671	(29,236,451)	31,195,220	61,485,871	(24,703,720)	36,782,151

Reconciliation of plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Plant and machinery	14,998,412	479,710	-	(3,174,902)	12,303,220
Furniture and fixtures	13,652,768	-	-	(2,482,262)	11,170,506
Motor vehicles	511,812	682,293	(893,462)	(33,301)	267,342
Office equipment	334,402	-	-	(66,514)	267,888
IT equipment	664,340	-	(3,546)	(361,242)	299,552
Cylinders - printing	71,030	359,000	-	(92,605)	337,425
Tools and dies	100	-	-	(100)	-
Capital work in progress	6,549,287	-	-	-	6,549,287
	36,782,151	1,521,003	(897,008)	(6,210,926)	31,195,220

Pidilite East Africa Limited

Annual Financial Statements for the year ended March 31, 2024

Notes to the Annual Financial Statements

Figures in Shillings	2024	2023				
10. Plant and equipment (continued)						
Reconciliation of plant and equipment - 2023						
	Opening balance	Additions	Disposals	Transfers	Depreciation	Closing balance
Plant and machinery	15,468,483	2,724,097	-	254,760	(3,448,928)	14,998,412
Furniture and fixtures	14,080,515	2,076,092	-	-	(2,503,839)	13,652,768
Motor vehicles	2,476,562	-	-	-	(1,964,750)	511,812
Office equipment	395,386	4,914	-	-	(65,898)	334,402
IT equipment	626,973	545,079	(44,285)	-	(463,427)	664,340
Cylinders - printing	284,120	-	-	-	(213,090)	71,030
Tools and dies	72,139	-	-	-	(72,039)	100
Capital work in progress	6,804,047	-	-	(254,760)	-	6,549,287
	40,208,225	5,350,182	(44,285)	-	(8,731,971)	36,782,151
11. Deferred tax						
Deferred tax asset					4,844,586	11,730,468
Reconciliation of deferred tax asset						
At beginning of year					11,730,468	12,301,721
Recognised in profit or loss:						
Unused tax losses					(6,519,767)	(3,693,499)
Provisions					(220,979)	(150,804)
Accelerated capital allowance					1,279,507	754,633
Unrealised exchange difference					1,715,804	182,403
Overprovision					(3,140,447)	2,336,014
					(6,885,882)	(571,253)
At end of year					4,844,586	11,730,468
12. Inventories						
Raw materials and finished goods					21,672,877	12,338,233
Trading items					37,049,247	26,932,886
Packing materials					6,334,476	5,585,976
Goods in transit					36,358,647	14,308,254
					101,415,247	59,165,349
13. Trade and other receivables						
Trade receivables (See below)					88,335,961	61,124,505
Prepayments					2,406,314	965,046
Deposits					1,477,541	1,477,541
VAT					1,180,102	3,377,923
Amounts due from related parties (Note 17)					85,678,554	81,886,605
Other receivables					5,563,023	6,907,399
Advances					6,848,755	1,197,088
					191,490,250	156,936,107
Trade receivables						
Gross trade receivables					95,255,883	67,603,731
Provision for bad debts					(6,919,922)	(6,479,226)
					88,335,961	61,124,505

Pidilite East Africa Limited

Annual Financial Statements for the year ended March 31, 2024

Notes to the Annual Financial Statements

Figures in Shillings	2024	2023
14. Cash and bank balances		
Cash and cash equivalents consist of:		
Cash on hand	310,568	49,681
Bank balances	13,998,434	148,745
Bank overdraft	(56,023,784)	(59,553,461)
	<u>(41,714,782)</u>	<u>(59,355,035)</u>
Current assets	14,309,002	198,426
Current liabilities	(56,023,784)	(59,553,461)
	<u>(41,714,782)</u>	<u>(59,355,035)</u>

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 corporate guarantee from Pidilite Industries Limited, India.

15. Share capital

Authorised		
1,000,000 Ordinary shares of Ksh 1,000 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued		
174,000 Ordinary shares of Ksh 1,000 each	<u>174,000,000</u>	<u>174,000,000</u>

16. Trade and other payables

Trade payables	41,111,756	13,708,322
Other payables	24,991,291	9,601,578
Amounts due to related parties (Note 17)	57,750,201	41,147,190
	<u>123,853,248</u>	<u>64,457,090</u>

Other payables include accruals and payroll liabilities.

17. Related parties

Related party balances and transactions

Related party balances

Amounts due to related parties		
Pidilite Industries Limited (India)	46,015,321	34,715,519
Crown Paints Kenya Plc	6,909,424	3,770,018
ASL Limited Trading Division	15,185	7,183
Pidilite MEA Chemicals LLC	4,669,277	2,567,547
Sai Office Supplies Uganda Ltd	106,484	-
Ramco Printing	32,770	-
Wild Elegance Africa Limited	1,740	1,740
Regal Paints Uganda Limited	-	85,183
	<u>57,750,201</u>	<u>41,147,190</u>

Pidilite East Africa Limited

Annual Financial Statements for the year ended March 31, 2024

Notes to the Annual Financial Statements

Figures in Shillings	2024	2023
17. Related parties (continued)		
Amounts due from related parties		
Regal Paints Uganda Limited	4,205,219	4,933,147
Sai Office Supplies Uganda Limited	-	230,722
ASL Limited - Trading Division	22,640,674	19,218,346
Crown Paints Kenya Plc	57,499,162	57,052,870
Crown Classics Limited - Kenya	1,158	415,320
Crown Paints Rwanda Limited	672,000	36,200
Travelshoppe Company Limited	74	-
Crown Marble & Quartz Ltd	660,267	-
	<u>85,678,554</u>	<u>81,886,605</u>
Compensation paid to key management		
Pidilite East Africa Limited is related to the above companies by virtue of common control and directorship.		
18. Cash generated from (used in) operations		
Profit (loss) before taxation	28,925,876	(1,999,940)
Adjustments for:		
Depreciation	6,210,926	8,731,971
Profit on sale of assets	(417,993)	(3,196)
Finance costs	7,990,168	7,266,501
Changes in working capital:		
Inventories	(42,249,898)	22,105,687
Trade and other receivables	(34,554,143)	(13,796,715)
Trade and other payables	59,396,158	(36,350,624)
	<u>25,301,094</u>	<u>(14,046,316)</u>
19. Commitments		
There were no commitments for the year ended March 31, 2024.		
20. Contingencies		
There were no contingencies for the year ended March 31, 2024.		
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	187,903,834	152,593,138
Cash and cash equivalents	14,309,002	198,426
	<u>202,212,836</u>	<u>152,791,564</u>
Financial liabilities at amortised cost		
Trade and other payables	123,853,252	64,457,090
Bank overdraft	56,023,784	59,553,461
	<u>179,877,036</u>	<u>124,010,551</u>