

INDEPENDENT AUDITOR'S REPORT

To the Members of Building Envelope Systems India Limited Report on the Financial Statements

We have audited the accompanying financial statements of Building Envelope Systems India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015 the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Management and Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. These Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

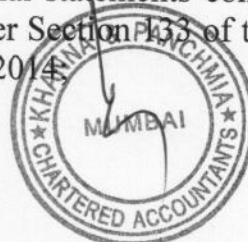
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March 2015, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters Specified in paragraphs 3 and 4 of the Order.

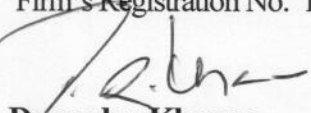
2. As required by Section 143(3) of the Act, we further report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 143 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014.



- e. On the basis of written representations received from the directors as on March 31, 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act;
- f. In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
- (i) The Company does not have any pending litigations which would impact its financial position;
- (ii) The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise;
- (iii) There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.

For **KHANNA & PANCHMIA**
CHARTERED ACCOUNTANTS
Firm's Registration No. 136041W

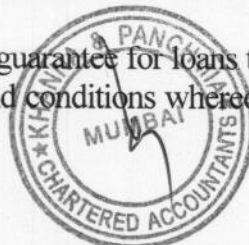

Devendra Khanna
Membership Number 038987

Place: Mumbai
Dated: 12th May 2015



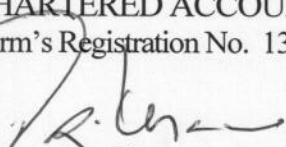
**Annexure to Independent Auditors' Report
Referred to in Paragraph 1 under the heading "Report on Other Legal and
Regulatory Requirements" of our report of even date**

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
2. We are informed that the fixed assets have been physically verified by the Management during the year. There is a regular programme of verification, which, in our opinion, is reasonable having regard to size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
3. The Company has not granted any loans, secured or unsecured, to the companies, firms or other parties listed in the register maintained under Section 189 of the Companies Act, 2013. In view of this, Clauses iii (a) and (b) are not applicable to the Company and hence, not reported upon.
4. The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013.
5. According to the books and records as produced and examined by us in accordance with generally accepted auditing practices in India and also based on Management representations, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities and there are no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date it became payable.
6. According to the information and explanations given to us and also based on the Management's Representation, there have been no disputed dues of Income tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess that have not been deposited on account of any dispute as at the balance sheet date.
7. There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.
8. The Company was formed on 07th December 2012 and it is not in existence for more than 5 years from the date of Registration, therefore, the provision of clause 4(viii) of the Companies (Auditor's Report) Order, 2015 are not applicable to Company.
9. According to the records of the Company, it has not defaulted in repayment of dues to financial institutions or banks or to debenture holders.
10. The Company has not given any guarantee for loans taken by the others from banks or financial institutions, the terms and conditions whereof are prejudicial to the interest of the Company.



11. We are informed that the Company has not taken any term loans during the year.
12. As per the information and explanations given to us and on the basis of examination of records, no fraud on or by the Company has been noticed or reported during the year.
13. In our opinion and according to the information and explanation given to us the following clauses of the said order are not applicable to the company-
 - a. Physical verification and valuation of stocks. (clauses ii)
 - b. Internal control procedure for the purchase of Inventory and fixed assets, and for sale of goods and services. (clause iv)
 - c. Maintenance of cost records under Section 148(1) of the Companies Act, 2013. (clause vi)

For **KHANNA & PANCHMIA**
CHARTERED ACCOUNTANTS
Firm's Registration No. 136041W


Devendra Khanna
Membership Number 038987

Place: Mumbai
Date: 12th May 2015



Balance Sheet as at 31st March 2015

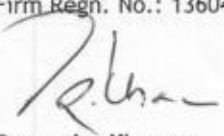
	Notes	31st March, 2015	31st March, 2014
I. Equity & Liabilities			
1. Shareholders' Funds			
Share Capital	3	40,500,000	40,500,000
Reserves and Surplus	4	<u>8,358,247</u>	<u>(1,060,061)</u>
		48,858,247	<u>39,439,939</u>
2. Current Liabilities			
Short-Term Borrowings			-
Trade Payables	5	<u>36,274</u>	<u>28,090</u>
		36,274	<u>28,090</u>
Total		<u>48,894,521</u>	<u>39,468,029</u>
II. Assets			
1. Non-Current Assets			
Fixed Assets	6	25,851	22,576
Non current Investments	7	48,177,050	39,257,274
Other Non Current Assets	8	<u>323,958</u>	-
		48,526,859	<u>39,279,850</u>
2. Current Assets			
Cash and Bank Balances	9	43,703	27,845
Other Current Assets	10	<u>323,959</u>	<u>160,334</u>
		367,662	<u>188,179</u>
Total		<u>48,894,521</u>	<u>39,468,029</u>

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements.

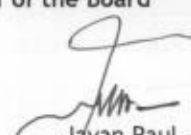
As per our report of even date

For Khanna & Panchmia
Chartered Accountants
Firm Regn. No.: 136041W



Devendra Khanna
Partner
Membership No.: 38987

Mumbai
Dated : 12.05.2015

For and on behalf of the Board


Jayan Paul
Managing Director


Manisha Shetty
Company Secretary


Sanjay Bahadur
Director

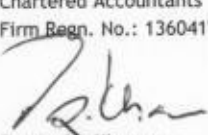
Statement of Profit and Loss for the year ended 31st March 2015

	Notes	31st March, 2015	31st March, 2014
Income			
Other income	11	10,163,861	
Total revenue (I)		<u>10,163,861</u>	<u>-</u>
Expenses			
Other expenses	12	734,428	860,079
Depreciation		11,125	5,760
Total expenses (II)		<u>745,553</u>	<u>865,839</u>
Profit before Tax		9,418,308	(865,839)
Less: Tax Expense		-	-
Profit/(loss) for the year		<u>9,418,308</u>	<u>(865,839)</u>
Earning per share	13		
Basic		2.33	(0.21)
Diluted		2.33	(0.21)
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For Khanna & Panchmia
Chartered Accountants
Firm Regn. No.: 136041W

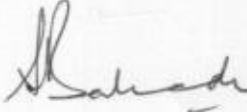

Devendra Khanna
Partner
Membership No.: 38987

Mumbai
Dated : 12.05.2015

For and on behalf of the Board


Jayan Paul
Managing Director


Manisha Shetty
Company Secretary


Sanjay Bahadur
Director

Cash flow statement for the year ended 31st March, 2015

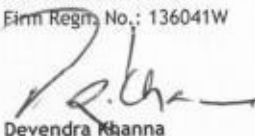
	31st March,2015	31st March,2014
Cash Flow from Operating Activities		
Profit/(loss) before tax	9,418,308	(865,839)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation	11,125	5,760
Operating profit/(loss) before working capital changes	9,429,433	(860,079)
Movements in working capital:		
Increase/(decrease) in trade payables	8,184	16,854
Decrease/(increase) in other current assets	-	-
Cash generated from Operations	9,437,617	(843,225)
Extraordinary Items (Preliminary Exp. Not written off)	(487,583)	160,333
Net Cash from Operating Activities (A)	8,950,034	(682,892)
Cash flows from investing activities		
Decrease/(increase) in Investments	(8,919,776)	(39,257,274)
Purchase of fixed assets	(14,400)	(14,400)
Net cash flow from/(used in) investing activities (B)	(8,934,176)	(39,271,674)
Cash flow from financing activities		
Proceeds from/(repayment of) short-term borrowings	-	(81,000)
Change in share capital	-	40,000,000
Net cash flow from/(used in) financing activities (C)	-	39,919,000
Net increase/(decrease) in cash and cash equivalents (A+B+C)	15,858	(35,566)
Cash and cash equivalents at the beginning of the year	27,845	63,411
Cash and cash equivalents at the end of the year	43,703	27,845
Components of cash and cash equivalents		
Cash on hand	645	2,196
Balances with banks - on current account	43,058	25,649
Total cash and cash equivalents (note 7)	43,703	27,845

Summary of significant accounting policies

2

As per our report of even date


For Khanna & Panchmia
Chartered Accountants
Firm Regn. No.: 136041W

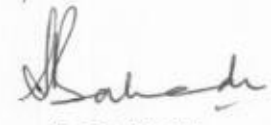

Devendra Khanna
Partner
Membership No.: 38987

Mumbai
Dated : 12.05.2015


Manisha Shetty
Company Secretary

For and on behalf of the Board


Jayan Paul
Managing Director


Sanjay Bahadur
Director

BUILDING ENVELOPE SYSTEMS INDIA LIMITED

Notes to the financial statements for the year ended 31st March 2015.

Note 1 Corporate Information

The Company was incorporated in 2012.

Note 2 Significant Accounting Policies

2.1. Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act")/Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention on a going concern basis. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 The preparation of financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of the current events and actions, future results could differ due to these estimates and differences between the actual results and the estimates are recognised in the periods in which the results are known /materialised

2.3 Investment is stated at cost.

2.4 Provisions and contingencies

The Company creates a provision when there is a present obligation as a result of a past event and it is probable that an outflow of resources would be required to settle the obligation, and in respect of which a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on best estimates required to settle the obligation at the balance sheet date.

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes.

Contingent assets are neither recognised nor disclosed in the financial statements.

2.5 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 – Earnings Per Share. Basic earnings per share is computed by dividing the net profit attributable to the equity shareholder by weighted average number of equity shares outstanding during the reporting year.

2.6 Fixed Assets

Fixed assets are stated at cost of acquisition reduced by accumulated depreciation. For addition made during the year, depreciation is provided on pro-rata basis.

2.7 Intangible Assets and Amortization

The software acquired by the company is amortized over a period of 4 years on SLM basis.

2.8 Pre Operative Expenses

The pre operative expenses incurred by the company is amortized over a period of 3 years on SLM basis.



Notes to the financial statements for the year ended 31st March 2015

	31st March, 2015	31st March, 2014
Note 3		
Share Capital		
Authorised		
15,000,000(5,000,000) equity shares of Rs.10 each(Rs.10 each)	150,000,000	50,000,000
	<u>150,000,000</u>	<u>50,000,000</u>
Issued, subscribed and paid-up shares		
4,050,000(4,050,000) equity shares of Rs.10 each(Rs.10 each)	40,500,000	40,500,000
	<u>40,500,000</u>	<u>40,500,000</u>
a. Shares held by Holding Company	Shares	Shares
Pidilite Industries Limited	2,430,000	2430000
	60%	60%
b. Shareholders holding more than 5% of total shares	Shares	Shares
Pidilite Industries Limited (Holding Company)	2,430,000	2,430,000
Jayan Paul	810,000	1,620,000
Rajendra Kini	810,000	-
	<u>4,050,000</u>	<u>4,050,000</u>
	100%	100%
c. There is no change in number of shares outstanding at the beginning and at the end of the year		
Note 4		
Reserves and surplus		
General reserve		
Surplus/(Deficit) in the Statement of Profit & Loss		
Balance as per last financial statements	(1,060,061)	(194,222)
Add: Profit/(Loss) for the year	9,418,308	(865,839)
Net surplus/(deficit) in the statement of profit & loss	<u>8,358,247</u>	<u>(1,060,061)</u>
	<u>8,358,247</u>	<u>(1,060,061)</u>
Note 5		
Current Liabilities		
Trade payables	36,274	28,090
(Other than Micro, Small and Medium Enterprises)		
	<u>36,274</u>	<u>28,090</u>

BUILDING ENVELOPE SYSTEMS INDIA LTD.

Note 6

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening As on April 1, 2014	Additions during the year	Deletions during the year	Total	Depreciation upto March 31, 2014	Adjustment	During the year	Total Acc. Dep till Mar 31, 2015	As on 31 March 2015	As on 31 March 2014
	Rupees	Rupees	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees	Rupees
Lease Hold Improvements										
Plant & Machinery										
Furniture & Fixtures										
Office Equipments										
Computers										
Vehicles	28,800	14,400		43,200	6,224		11,125	17,349	25,851	22,576
Intangible assets	28,800	14,400		43,200	6,224		11,125	17,349	25,851	22,576
Total										

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Notes to the financial statements for the year ended 31st March 2015

	31st March, 2015	31st March, 2014
Note 7		
Non Current Investments		
Details of investment in Partnership Firm		
Capital Account	24,750,000	24,750,000
Current Account	23,427,050	14,507,274
	<u>48,177,050</u>	<u>39,257,274</u>
Name of Firm - Hybrid Coatings		
Name of Partners & Share of Profit (%)		
1. Building Envelope Systems India Limited	99.00	99.00
2. Jayan Paul	0.50	0.50
3. Paul Jayan	0.50	0.50
Total	<u>100</u>	<u>100</u>
Total Capital of Firm	<u>25,000,000</u>	<u>25,000,000</u>
Note 8		
Other non current assets		
Unamortised Preliminary Expenses	323,958	-
	<u>323,958</u>	<u>-</u>
Note 9		
Cash and Bank Balances		
Balances with banks		
In current account	43,058	25,649
Cash on hand	645	2,196
	<u>43,703</u>	<u>27,845</u>
Note 10		
Other current assets		
Unamortised Preliminary Expenses	323,959	160,334
	<u>323,959</u>	<u>160,334</u>

Notes to the financial statements for the year ended 31st March 2015

	31st March, 2015	31st March, 2014
Note 11		
Other Income		
Share in Profit from Partnership Firm	10,163,676	-
Miscellaneous Income	185	-
	<u>10,163,861</u>	<u>-</u>
Note 12		
Other Expenses		
Share of Loss from Partnership Firm	-	467,376
Secretarial expenses	5,900	57,228
Preliminary Expenses	484,293	160,333
Audit fees- as Auditors	11,236	11,236
Travelling Expenses	105,623	
Professional fees	84,818	148,016
Miscellaneous expenses	42,558	15,890
	<u>734,428</u>	<u>860,079</u>
Note 13		
Earnings per share		
a. Computation for both basic and diluted earnings per share of Rs. 10/- each (previous year Rs. 10/- each):		
Profit as per statement of profit & loss available for equity shareholders	9,418,308	(865,839)
b. Number of equity shares for basic and diluted earnings per share computation	4,050,000	4,050,000
c. Basic and diluted earnings per share	2.33	(0.21)

Note 14**Related party disclosure:**

- Name of related parties and relationship
Pidilite Industries Ltd. - Holds 60% of equity shares of company
Hybrid Coatings - Company is Partner in the Firm (Refer Note 7 and 11)
- Key Managerial Personal
Mr. Jayan Paul - Managing Director
- Other Directors
Mr. Ajay Parekh, Mr. Sanjay Bahadur, Mr. Bharat Mehta
- Transactions with related party during the year

Loans Taken	-	81,000
Outstanding Balance	-	-

Note 15**Income Tax**

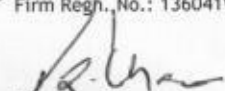
Income earned by the company is not liable to tax hence no provision for income tax has been made

Note 16

Previous year's figures have been regrouped wherever necessary

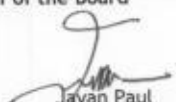
As per our report of even date


For Khanna & Panchmia
Chartered Accountants
Firm Regh., No.: 136041W

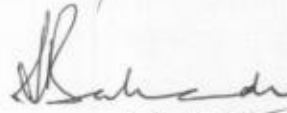

Devendra Khanna
Partner
Membership No.: 38987

Mumbai
Dated : 12.05.2015

For and on behalf of the Board


Jayan Paul
Managing Director


Manisha Shetty
Company Secretary


Sanjay Bahadur
Director

Groupings	31st March, 2015	31st March, 2014
1. Trade Payables		
Accrued Expenses	16,854	11,236
A Sekar	2,566	-
M. M. Sheth & Company	15,354	16,854
TDS Payable	1,500	-
	<u>36,274</u>	<u>28,090</u>
2. Miscellaneous Expenses		
Printing & Stationery	-	4,648
Professional Tax	7,500	-
Service Charges	-	11,123
Bank Charges	-	119
Advertisement Expenses	31,710	-
Office Expenses	3,348	-
	<u>42,558</u>	<u>15,890</u>
3. Travel & Entertainment		
Travel Expenses	105,623	-
	<u>105,623</u>	<u>-</u>

