

## Independent Auditor's Report

CORPORATE OFFICE  
16th Floor, B82 Tower  
Mazaya Business Avenue  
Jumeirah Lakes Towers  
P.O. Box 23271  
Dubai, U.A.E.

### The Shareholders

#### Pidilite Middle East Limited

#### Report on the Financial Statements

Phone :+971 4 425 6616  
Fax :+971 4 425 6610  
Email :mail@uhyuae.com

We have audited the accompanying financial statements of Pidilite Middle East Limited, ("the Company"), which comprise of the Statement of Financial Position as at March 31, 2015, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

#### Management's Responsibility for the Financial Statements

The Management is responsible for the preparation of these financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the Offshore Companies Regulations of 2003 issued by the Jebel Ali Free Zone Authority. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We have conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit so as to obtain all information and explanations which we consider necessary to provide reasonable assurance whether the financial statements are free of material misstatements.


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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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.

In our opinion, the financial statements, referred to above, present fairly, in all material aspects, the financial position of Pidlite Middle East Limited as at March 31, 2015, and of its financial performance and cash flows for the year then ended in conformity with International Financial Reporting Standards for Small and Medium - sized Entities.

#### **Report on Other Legal and Regulatory Requirements**

We also confirm that in our opinion proper books of accounts have been kept by the Company and the contents of the report of the Board of Directors and the Company records which relates to these financial statements are in agreement with the books of accounts. We have obtained all the information and explanations we required for the purpose of our audit and to the best of our knowledge and belief, are not aware of any violations of the Offshore Companies Regulations of 2003 issued by the Jebel Ali Free Zone Authority or the Memorandum of Association of the Company have occurred during the year which would have had a material effect on the business of the Company or on its financial position.

  
UHY Saxena  
Chartered Accountants  
Dubai  
April 22, 2015



**Pidilite Middle East Limited**  
**Statement of Financial Position**  
**As at March 31, 2015**

	Note	2015	2014
<b>ASSETS</b>			
<b>Current Assets</b>			
Bank balances	4	59,060	101,465
Due from subsidiary	5	36,597,724	25,302,224
Total Current Assets		<u>36,656,784</u>	<u>25,403,689</u>
<b>Non-Current Assets</b>			
Investments	6	748,255	747,094
Long term loan	7	3,500,000	3,500,000
Total Non-Current Assets		<u>4,248,255</u>	<u>4,247,094</u>
Total Assets		<u><b>40,905,039</b></u>	<u><b>29,650,783</b></u>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Other payable		Nil	97,450
Provisions and accruals	8	20,000	10,000
Total Current Liabilities		<u>20,000</u>	<u>107,450</u>
<b>Equity</b>			
Share capital	9	63,329,163	51,992,654
Retained losses		<u>(22,444,124)</u>	<u>(22,449,321)</u>
Total Equity Attributable to the Shareholders		40,885,039	29,543,333
Total Liabilities and Equity		<u><b>40,905,039</b></u>	<u><b>29,650,783</b></u>

These financial statements were approved by the Board of Directors and signed on their behalf by:



Director

Date : April 22, 2015

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



Pidlite Middle East Limited

Statement of Comprehensive Income  
Year Ended March 31, 2015

(Figures in AED)	Note	2015	2014
Other income	10	56,333	21,360
General and administration expenses	11	(48,700)	(33,335)
Finance costs	12	<u>(2,436)</u>	<u>(2,981)</u>
<b>Profit / (loss) for the year</b>		<b><u>5,197</u></b>	<b><u>(14,956)</u></b>

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



**Pidilite Middle East Limited**

**Statement of Changes in Equity  
Year Ended March 31, 2015**

(Figures in AED)	Share Capital	Retained Losses	Total
<b>As at April 01, 2013</b>	<b>36,202,712</b>	<b>(22,434,365)</b>	<b>13,768,347</b>
Loss for the year	Nil	(14,956)	(14,956)
Issue of shares	15,789,942	Nil	15,789,942
<b>As at March 31, 2014</b>	<b>51,992,654</b>	<b>(22,449,321)</b>	<b>29,543,333</b>
Profit for the year	Nil	5,197	5,197
Issue of shares	11,336,509	Nil	11,336,509
<b>As at March 31, 2015</b>	<b>63,329,163</b>	<b>(22,444,124)</b>	<b>40,885,039</b>

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

**Pidilite Middle East Limited**  
**Statement of Cash Flows**  
**Year Ended March 31, 2015**

(Figures in AED)	2015	2014
<b>Cash Flow from Operating Activities</b>		
Profit / (loss) for the year	5,197	(14,956)
<u>Changes in operating assets and liabilities</u>		
Increase in amounts due from subsidiary	(11,295,500)	(15,764,892)
Increase / (decrease) in other payable	(97,450)	97,450
Increase / (decrease) in provisions and accruals	<u>10,000</u>	<u>(12,800)</u>
Net cash used in operating activities	(11,377,753)	(15,695,198)
<b>Cash Flow from Investing Activities</b>		
Investment in associates	<u>(1,161)</u>	<u>(25,050)</u>
Net cash used in investing activities	(1,161)	(25,050)
<b>Cash Flow from Financing Activities</b>		
Issue of shares	<u>11,336,509</u>	<u>15,789,942</u>
Net cash generated from financing activities	11,336,509	15,789,942
Net change in cash and cash equivalents	(42,405)	69,694
Cash and cash equivalents at beginning of the year	<u>101,465</u>	<u>31,771</u>
Cash and cash equivalents at end of the year	<u><b>59,060</b></u>	<u><b>101,465</b></u>

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



**Pidlilite Middle East Limited**  
**Notes to the Financial Statements**  
**March 31, 2015**

**1 Legal Status, Management and Business Activity**

Pidlilite Middle East Limited is registered as an Offshore Company with limited liability under Registration No. O.F.1264 formed in accordance with the Offshore Companies Regulations of the Jebel Ali Free Zone of 2003.

The registered address of the Company is TPOFCB06WS103, P.O. Box 17870, Jebel Ali Free Zone, Dubai , United Arab Emirates.

The Company is managed by its Board of Directors.

The Company's main object is to invest in other companies or businesses.

**2 Basis of Preparation of Financial Statements**

These financial statements are prepared on a going concern basis and in compliance with International Financial Reporting Standards for Small and Medium-sized Entities issued by International Accounting Standards Board. They are presented in Arab Emirate Dirhams, currency unit of United Arab Emirates. The presentation of financial statements in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities requires the determination and consistent application of accounting policies to transactions and events. Significant accounting policies, adopted and applied consistently in dealing with items that are considered material in relation to these financial statements, are set below.

The financial statements have been prepared under the historical cost convention basis.

The preparation of financial statements in conformity with International Financial Reporting Standards for Small and Medium-sized Entities requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and reasonable under the circumstances.

Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of accounting policies that have the most significant effect on the amounts recognised in the financial statements, and estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as explained in Note 3.

**Consolidated Financial Statements**

The consolidated financial statements are being prepared by the ultimate parent. These are stand alone financial statements of the Company.

**Pidilite Middle East Limited**  
**Notes to the Financial Statements**  
**March 31, 2015**

**3 Summary of Significant Accounting Policies**

**Investments**

Subsidiary

Investment in subsidiary represents investments in entity over which the Company has the power to control the policies and operational decisions and owns substantial shares in the Company. Investments are stated at cost less accumulated impairment losses.

Associates

Investment in associates represents investments in entities over which the Company has the power to exercise significant influence and not control, through participation in the investees' financial and operating policy decisions. Investments in associates are accounted for at cost less any accumulated impairment losses. Dividend income from investments in associates is recognised when the Company's right to receive payment has been established and is included in other income.

**Financial Instruments**

Financial assets are recognised when the Company becomes a party to the contractual provision of the financial instrument. Financial assets are derecognised when the contractual rights to receive the cash flows expire or substantially all the risks and rewards of ownership have been transferred. These are stated at cost less impairment losses. These are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. The Company derecognises financial liabilities when they are discharged, cancelled or expired. These are stated at cost, or where the impact is material at amortised cost using the effective interest method. These are included in current liabilities, except for maturities greater than 12 months after the balance sheet which are classified as non-current liabilities.

Financial instruments comprise of long-term receivables and investment in associates, amounts due from related parties and cash at bank.

**Cash and Cash Equivalents**

Cash and cash equivalents comprise of banks accounts that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

**Provisions**

Provisions are recognised when the Company has a present obligation as a result of past event and it is probable that the outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of the amount expected to be required to settle the obligation and the risk specific to the obligation.



Pidilite Middle East Limited

Notes to the Financial Statements

March 31, 2015

**3 Summary of Significant Accounting Policies (Continued)**

**Foreign Currencies Translations**

The financial statements are presented in Arab Emirates Dirham's, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year - end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(Figures in AED)

2015 2014

**4 Bank Balances**

Balance in local currency accounts	59,060	101,465
	<u>59,060</u>	<u>101,465</u>

**5 Transactions with Related Parties**

Related party balances during the year are classified as under:

**Due from Subsidiary**

Jupiter Chemicals LLC	58,644,219	47,348,719
Less: Provision for impairment loss	<u>(22,046,495)</u>	<u>(22,046,495)</u>
	<u>36,597,724</u>	<u>25,302,224</u>

The above amount represents an interest free loan with an indefinite repayment period to the subsidiary Jupiter Chemicals LLC.

Impairment losses are provided only in respect of loans to subsidiary. Investments in subsidiary continue to be stated at carrying amount.

Related parties comprise the immediate and ultimate parent companies, the shareholders, the directors, key management personnel, fellow subsidiaries and businesses which the parent company controls or over which it exercises significant influence.



**Pidilite Middle East Limited**  
**Notes to the Financial Statements**  
**March 31, 2015**

(Figures in AED) 2015 2014

<u>6 Investments</u>	2015	2014
<u>Subsidiary</u>		
300 shares of Jupiter Chemicals LLC @ AED 1,000 each	300,000	300,000
<u>Associates</u>		
1,046 shares of PT Pidilite Indonesia of USD 10 each	38,637	37,301
35,268 shares of PSCB of Taka 100 each	182,633	182,633
3,214 shares of Pidilite Industries Egypt-SAE of EGP 100 each	196,803	139,805
<u>Share application</u>		
Pidilite Industries Egypt	30,182	87,180
PT Pidilite Indonesia	Nil	175
	<u>748,255</u>	<u>747,094</u>

Of the above 51% shares of Jupiter Chemicals LLC are held in trust by Mr. Amin Abdulla Haji Redha Almuhtarreb for the benefit of the Company.

<u>7 Long Term Loan</u>	2015	2014
Jupiter Chemicals LLC	<u>3,500,000</u>	<u>3,500,000</u>
	<u>3,500,000</u>	<u>3,500,000</u>

The amount represents an interest free loan with an indefinite repayment period to the subsidiary Jupiter Chemicals LLC.

<u>8 Provisions and Accruals</u>	2015	2014
Accrued expenses	<u>20,000</u>	<u>10,000</u>
	<u>20,000</u>	<u>10,000</u>

<u>9 Share Capital</u>	2015	2014
<u>Authorised share capital</u>		
70,000,000 shares of AED 1 each	70,000,000	70,000,000
Less: Uncalled share capital	<u>(6,670,837)</u>	<u>(18,007,346)</u>
<u>Paid up share capital</u>		
63,329,163 shares of AED 1 each	<u>63,329,163</u>	<u>51,992,654</u>
	<u>63,329,163</u>	<u>51,992,654</u>



**Pidilite Middle East Limited**  
**Notes to the Financial Statements**  
**March 31, 2015**

	2015	2014
<b>10 Other Income</b>		
Dividend income	Nil	21,360
Exchange gain	<u>56,333</u>	<u>Nil</u>
	<u>56,333</u>	<u>21,360</u>
<b>11 General and Administration Expenses</b>		
Directors' fees	20,000	20,000
Legal and professional	28,700	11,200
Miscellaneous	<u>Nil</u>	<u>2,135</u>
	<u>48,700</u>	<u>33,335</u>
<b>12 Finance Costs</b>		
Bank charges	<u>2,436</u>	<u>2,981</u>
	<u>2,436</u>	<u>2,981</u>

**13 Contingent Liabilities**

Except for the ongoing purchase commitments in the normal course of business against which no loss is expected, there are no other known contingent liabilities existing at the balance sheet date.

**14 Comparative Figures**

Certain of the prior year figures have been regrouped to conform with the presentation of the current year.

**These financial statements were approved by the Board of Directors and signed on their behalf by:**



Director

Date : April 22, 2015