

Independent Auditor's Report

The Shareholders

Pidilite Middle East Limited

Report on the Financial Statements

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, 2016, 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 controls 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 controls. 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.

CORPORATE OFFICE
16th Floor, BB2 Tower
Mazaya Business Avenue
Jumeirah Lakes Towers
P.O. Box 23271
Dubai, U.A.E.

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

Opinion

In our opinion, the financial statements, referred to above, present fairly, in all material aspects, the financial position of Pidilite Middle East Limited as at March 31, 2016, 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
May 02, 2016



Pidilite Middle East Limited
Statement of Financial Position
As at March 31, 2016

(Figures in AED)	Note	2016	2015
ASSETS			
Current Assets			
Bank balances	4	2,359,767	59,060
Due from subsidiary	5	<u>45,119,848</u>	<u>36,597,724</u>
Total Current Assets		<u>47,479,615</u>	<u>36,656,784</u>
Non-Current Assets			
Investments	6	1,096,994	748,255
Long term loan	7	<u>3,500,000</u>	<u>3,500,000</u>
Total Non-Current Assets		<u>4,596,994</u>	<u>4,248,255</u>
Total Assets		<u>52,076,609</u>	<u>40,905,039</u>
LIABILITIES AND EQUITY			
Current Liabilities			
Provisions and accruals	8	<u>41,200</u>	<u>20,000</u>
Total Current Liabilities		<u>41,200</u>	<u>20,000</u>
Equity			
Share capital	9	74,601,692	63,329,163
Retained losses		<u>(22,566,283)</u>	<u>(22,444,124)</u>
Total Equity Attributable to the Shareholders		<u>52,035,409</u>	<u>40,885,039</u>
Total Liabilities and Equity		<u>52,076,609</u>	<u>40,905,039</u>

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



Director

Date : May 02, 2016

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

Pidilite Middle East Limited
Statement of Comprehensive Income
Year Ended March 31, 2016

(Figures in AED)	Note	2016	2015
Other income	10	Nil	56,333
General and administration expenses	11	(97,500)	(48,700)
Finance costs	12	<u>(24,659)</u>	<u>(2,436)</u>
Profit / (loss) for the year		<u>(122,159)</u>	<u>5,197</u>

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

Page 5 of 12



Pidilite Middle East Limited
Statement of Changes in Equity
Year Ended March 31, 2016

(Figures in AED)	Share Capital	Retained Losses	Total
As at April 01, 2014	51,992,654	(22,449,321)	29,543,333
Profit for the year	Nil	5,197	5,197
Shares issued during the year	<u>11,336,509</u>	<u>Nil</u>	<u>11,336,509</u>
As at March 31, 2015	63,329,163	(22,444,124)	40,885,039
Loss for the year	Nil	(122,159)	(122,159)
Shares issued during the year	<u>11,272,529</u>	<u>Nil</u>	<u>11,272,529</u>
As at March 31, 2016	<u>74,601,692</u>	<u>(22,566,283)</u>	<u>52,035,409</u>

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



Pidilite Middle East Limited
Statement of Cash Flows
Year Ended March 31, 2016

(Figures in AED)	2016	2015
Cash Flow from Operating Activities		
Profit / (loss) for the year	(122,159)	5,197
<u>Changes in operating assets and liabilities</u>		
Increase in amounts due from subsidiary	(8,522,124)	(11,295,500)
Increase / (decrease) in other payable	Nil	(97,450)
Increase / (decrease) in provisions and accruals	<u>21,200</u>	<u>10,000</u>
Net cash used in operating activities	(8,623,083)	(11,377,753)
Cash Flow from Investing Activities		
Investment in associates	<u>(348,739)</u>	<u>(1,161)</u>
Net cash used in investing activities	(348,739)	(1,161)
Cash Flow from Financing Activities		
Issue of shares	<u>11,272,529</u>	<u>11,336,509</u>
Net cash generated from financing activities	11,272,529	11,336,509
Net change in cash and cash equivalents	2,300,707	(42,405)
Cash and cash equivalents at beginning of the year	<u>59,060</u>	<u>101,465</u>
Cash and cash equivalents at end of the year	<u><u>2,359,767</u></u>	<u><u>59,060</u></u>

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



1 Legal Status, Management and Business Activity

Pidilite 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 objective 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.

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, amounts due from related parties and cash at bank.

Cash and Cash Equivalents

Cash and cash equivalents comprise of bank 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.

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)	2016	2015
4 Bank Balances		
Balance in foreign currency accounts	725	Nil
Balance in local currency accounts	<u>2,359,042</u>	<u>59,060</u>
	<u>2,359,767</u>	<u>59,060</u>

5 Transactions with Related Parties

Related party balances as at year end are classified as under:

Due from Subsidiary

Pidilite MEA Chemicals LLC	64,584,969	58,644,219
Building System Solution Trading	304,501	Nil
Plus Call Technical Services LLC	2,276,873	Nil
Less: Provision for impairment loss	<u>(22,046,495)</u>	<u>(22,046,495)</u>
	<u>45,119,848</u>	<u>36,597,724</u>

The above amount represents an interest free loan with an indefinite repayment period to the subsidiary Pidilite MEA Chemicals LLC, Building System Solution Trading and Plus Call Technical Services 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, 2016

(Figures in AED)	2016	2015
<u>6 Investments</u>		
<u>Subsidiary</u>		
300 shares of Pidilite MEA Chemicals LLC @ AED 1,000 each	300,000	300,000
200 shares of Building System Solution Trading of QAR 1,000 each	203,027	Nil
<u>Associates</u>		
1,079 shares of PT Pidilite Indonesia of USD 10 each	39,860	38,637
35,268 shares of Pidilite Speciality Chemicals Bangladesh Private Limited of Taka 100 each	182,633	182,633
3,214 shares of Pidilite Industries Egypt-SAE of EGP 100 each	196,803	196,803
100 shares of Pidilite Lanka Private Limited of Rupees 127 each	357	Nil
120 shares of Plus Call Technical Services LLC of AED 1,000 each	120,000	Nil
<u>Share application</u>		
Pidilite Industries Egypt	54,314	30,182
	<u>1,096,994</u>	<u>748,255</u>
<u>7 Long Term Loan</u>		
Pidilite MEA Chemicals LLC	3,500,000	3,500,000
	<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 Pidilite MEA Chemicals LLC.		
<u>8 Provisions and Accruals</u>		
Accrued expenses	41,200	20,000
	<u>41,200</u>	<u>20,000</u>
<u>9 Share Capital</u>		
<u>Authorised share capital</u>		
100,000,000 shares of AED 1 each	100,000,000	70,000,000
Less: Uncalled share capital	<u>(25,398,308)</u>	<u>(6,670,837)</u>
<u>Paid up share capital</u>		
74,601,692 shares of AED 1 each	74,601,692	63,329,163
	<u>74,601,692</u>	<u>63,329,163</u>



Pidilite Middle East Limited
Notes to the Financial Statements
March 31, 2016

(Figures in AED)	2016	2015
10 Other Income		
Exchange gain	Nil	56,333
	<u>Nil</u>	<u>56,333</u>
11 General and Administration Expenses		
Directors' fees	20,000	20,000
Legal and professional	77,500	28,700
	<u>97,500</u>	<u>48,700</u>
12 Finance Costs		
Exchange loss	21,232	Nil
Bank charges	3,427	2,436
	<u>24,659</u>	<u>2,436</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 : May 02, 2016