

## Independent Auditor's Report

### The Shareholders

Pidilite MEA Chemicals L.L.C

### Report on the Financial Statements

We have audited the accompanying financial statements of Pidilite MEA Chemicals L.L.C., ("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 U.A.E. Commercial Companies Law of 1984. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 misstatements 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.

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### Opinion

In our opinion, the financial statements, referred to above, present fairly, in all material aspects, the financial position of Pidilite MEA Chemicals L.L.C. 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.

### Emphasis of Matter

As at March 31, 2016, the accumulated losses of the Company exceed its share capital by AED 41,637,205. The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The validity of this assumption depends upon the continued financial support to the Company by its shareholders. The financial statements do not include any adjustment that should result from a failure to obtain such continued financial support. In the opinion of the directors, this position does not impair the financial position of the Company.

### 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 U.A.E. Commercial Companies Law of 1984 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 27, 2016



**Pidilite MEA Chemicals L.L.C**  
**Statement of Financial Position**  
**As at March 31, 2016**

(Figures in AED)	Note	2016	2015
<b>ASSETS</b>			
<b>Current Assets</b>			
Bank balances and cash	4	39,505	1,553,125
Trade accounts receivable	5	13,363,737	11,374,501
Inventories	6	7,525,291	6,897,771
Other receivable and prepayments	7	1,172,161	1,525,550
Total Current Assets		<u>22,100,694</u>	<u>21,350,947</u>
<b>Non-Current Assets</b>			
Property, plant and equipment	8	27,575,296	24,543,630
Intangible assets	9	979,050	1,088,850
Capital work in progress	10	Nil	Nil
Total Non-Current Assets		<u>28,554,346</u>	<u>25,632,480</u>
<b>Total Assets</b>		<u><b>50,655,040</b></u>	<u><b>46,983,427</b></u>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Borrowings	11	10,322,550	3,559,485
Trade accounts and other payable	12	12,887,392	13,030,330
Total Current Liabilities		<u>23,209,942</u>	<u>16,589,815</u>
<b>Non-Current Liabilities</b>			
Employees' end of service benefits	13	997,334	673,108
Total Non-Current Liabilities		<u>997,334</u>	<u>673,108</u>
<b>Equity</b>			
Share capital	14	300,000	300,000
Retained earnings		(41,937,205)	(32,723,715)
Shareholder's loan	15	68,084,969	62,144,219
Total Equity Attributable to the Shareholders		<u>26,447,764</u>	<u>29,720,504</u>
<b>Total Liabilities and Equity</b>		<u><b>50,655,040</b></u>	<u><b>46,983,427</b></u>

These financial statements were approved by the Board of Directors on April 27, 2016 and signed on their behalf by:

  
**Mr. Sohail Badar**  
 Director

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

Pidilite MEA Chemicals L.L.C  
Statement of Comprehensive Income  
Year Ended March 31, 2016

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(Figures in AED)	Note	2016	2015
Sales	17	39,357,905	19,608,076
Cost of goods sold	18	<u>(36,131,665)</u>	<u>(16,693,654)</u>
<b>Gross profit</b>		<b>3,226,240</b>	<b>2,914,422</b>
Other income	19	829,494	96,203
Selling, general and administration expenses	20	(12,936,287)	(6,091,023)
Finance costs	21	<u>(332,937)</u>	<u>(192,623)</u>
<b>Loss for the year</b>		<b><u>(9,213,490)</u></b>	<b><u>(3,273,021)</u></b>

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



Pidilite MEA Chemicals L.L.C  
Statement of Changes in Equity  
Year Ended March 31, 2016

(Figures in AED)	Share Capital	Retained Earnings	Shareholder's Loan	Total
As at April 01, 2014	300,000	(29,450,694)	50,848,719	21,698,025
Loss for the year	Nil	(3,273,021)	Nil	(3,273,021)
Net movements during the year	<u>Nil</u>	<u>Nil</u>	<u>11,295,500</u>	<u>11,295,500</u>
<b>As at March 31, 2015</b>	<b>300,000</b>	<b>(32,723,715)</b>	<b>62,144,219</b>	<b>29,720,504</b>
Loss for the year	Nil	(9,213,490)	Nil	(9,213,490)
Net movements during the year	<u>Nil</u>	<u>Nil</u>	<u>5,940,750</u>	<u>5,940,750</u>
<b>As at March 31, 2016</b>	<b><u>300,000</u></b>	<b><u>(41,937,205)</u></b>	<b><u>68,084,969</u></b>	<b><u>26,447,764</u></b>

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



**Pidilite MEA Chemicals L.L.C****Statement of Cash Flows****Year Ended March 31, 2016**

(Figures in AED)	2016	2015
<b>Cash Flow from Operating Activities</b>		
Loss for the year	(9,213,490)	(3,273,021)
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	1,693,014	513,439
Amortisation of intangible asset	109,800	9,150
Utilization of provision for slow moving stock	2,418	(46,374)
Profit on sale of property, plant and equipment	Nil	(33,245)
Provision for employees' end of services benefits	348,059	177,987
Provision for doubtful debts written back	(656,169)	Nil
Provision for doubtful debts	65,153	99,336
Changes in operating assets and liabilities		
Increase in inventories	(629,938)	(5,891,157)
Increase in trade accounts and other receivable	(1,044,831)	(9,708,190)
Increase / (Decrease) in trade accounts and other payable	(142,938)	10,902,314
Payment of employees' end of service benefits	(23,833)	(122,466)
Net cash used in operating activities	(9,492,755)	(7,372,227)
<b>Cash Flow from Investing Activities</b>		
Purchase of property, plant and equipment	(4,724,680)	(999,680)
Purchase of intangible asset	Nil	(1,098,000)
Payments towards capital work in progress	Nil	(7,307,935)
Proceeds from sale of property, plant and equipment	Nil	33,245
Net cash generated used in investing activities	(4,724,680)	(9,372,370)
<b>Cash Flow from Financing Activities</b>		
Shareholder's loan	5,940,750	11,295,500
Net increase in borrowings	6,763,065	3,559,485
Net cash generated from financing activities	12,703,815	14,854,985
Net change in cash and cash equivalents	(1,513,620)	(1,889,612)
Cash and cash equivalents at beginning of the year	1,553,125	3,442,737
Cash and cash equivalents at end of the year	<u>39,505</u>	<u>1,553,125</u>

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

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

Pidilite MEA Chemicals L.L.C. (Formerly Jupiter Chemicals L.L.C.) is a Limited Liability Company formed pursuant to the provisions of Article 218 of UAE Commercial Companies Law No.8 of 1984 as amended and registered with Department of Economic Development under industrial license number 570849 in the Emirate of Dubai.

The registered address of the Company is P.O. Box 120657 Dubai, United Arab Emirates.

The Company is managed by its Managing Director, Mr. Sohail Badar.

The Company is licensed to manufacture and trade in construction chemicals.

**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.

Judgements 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.

**Going Concern Assumption**

The retained losses have exceeded the share capital of the Company. The financial statements of the Company are being prepared on a going concern basis as the shareholders have undertaken to provide continued financial support to the Company to meet its capital requirements. The Management has no intention to liquidate or discontinue with its operations. The assets and liabilities are recorded on the basis that the Company will be able to realise its assets and discharge its liabilities in the normal course of business.

**3 Summary of Significant Accounting Policies**

**Revenue Recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of sales returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria has been met for the Company activities.

Sale of goods are recognised when the Company sells a product to the customer as control passes to the customer on the day the transaction takes place, in terms of the product being delivered to the customer or the customer accepts the products in accordance with the terms of sale.

**Property, Plant and Equipment**

Property, plant and equipment, is stated at historical costs less accumulated depreciation and any accumulated impairment losses. Historical costs includes expenditure that is directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management.

The cost of replacing or addition to an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

Depreciation is charged to write off the cost of assets using the straight line method as follows:

Office building	20 years
Plant and machinery	5 years
Vehicles	4 years
Furniture and fixtures	5 years
Tools and lab equipment	5 years
Office equipments	5 years

The useful lives and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the pattern of economic benefits expected to flow to the Company through the use of items of property, plant and equipment.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised as profit or loss in the statement of income.

Capital work-in-progress, includes all direct costs incurred or attributable to the asset under construction and is not depreciated until it is transferred and capitalised to the relevant assets at the time when it is brought into use.



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

**Intangible Assets**

Trademarks relate to the acquisition of the brand giving exclusive rights to market the product. Trademarks are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated over the estimated useful life of 10 years using straight line method.

**Inventories**

Inventories are measured at lower of cost and net realisable value. The cost of raw materials and packing material are based on the weighted average method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Cost of finished goods include an appropriate allocation of overheads comprising of materials, labour and expenses directly attributable to it.

Net realisable value is the estimated selling price in the ordinary course of business less estimated selling expenses.

At each reporting date, inventories are assessed for impairment and the net value is reflected in the financial statements.

**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 trade accounts and other receivables, trade accounts and other payable, amounts due to related parties and short term bank borrowings.

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

**Trade Accounts and Other Receivable**

Trade accounts receivable are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

The Management undertakes a periodic review of amounts recoverable from trade accounts and other receivable, and determines recoverability based on various factors such as ageing of receivable, payment history, collateral available and other knowledge about the receivable.

Provision for bad and doubtful debts represents estimates of ultimate unrealizable debts. The estimates are judgmental and are based on case based evaluation by the management.

Provisions created during the year are reflected in the operating results of the year. Debts which are recognised as unrealizable are written off during the year.

**Cash and Cash Equivalents**

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

**Trade Accounts and Other Payable**

Trade accounts and other payable are stated at nominal amounts payable for goods or services rendered.

**Borrowings**

Borrowings are recognised at the transaction price, including transaction costs. Interest expense is recognised on the basis of the effective interest method and is included in finance cost.

Borrowings are classified as current liabilities unless the Company has unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

**Statutory Reserve**

Statutory reserve is created by appropriating 10% of the net profits of the Company for the year as required by Article 255 of the UAE Commercial Companies Law No. 8 of 1984 as amended, concerning commercial companies in the UAE. The Company may discontinue such annual transfers when the reserve totals 50% of its paid up share capital. The reserve is not available for distribution except as provided in the Federal Law.

The Company has incurred losses till March 31, 2016. Hence, no transfer has been made to the Statutory Reserve.

In view of continuing losses in the Company, there are no appropriation of profits to the statutory reserve.

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

**Employees' End of Service Benefits**

Provision is made for the amounts payable under the UAE labour law applicable to the employees and is based on current basic remuneration and cumulative period of service at the balance sheet date.

Provision is made on the assumption that all employees were to leave as of the balance sheet date since this provides, in management's opinion, a reasonable estimate of the present value of terminal

**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.

**Foreign Currencies Translations**

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

Pidilite MEA Chemicals L.L.C  
Notes to the Financial Statements  
March 31, 2016

(Figures in AED)	2016	2015
<b>4 Bank Balances and Cash</b>		
Cash in hand	18,016	4,292
Balance in local currency accounts	21,489	1,548,833
	<u>39,505</u>	<u>1,553,125</u>
<b>5 Trade Accounts Receivable</b>		
Outstanding for less than 6 months	13,365,763	11,333,923
Outstanding for more than 6 months	757,922	1,391,542
	14,123,685	12,725,465
Less: Allowance for doubtful debts	<u>(759,948)</u>	<u>(1,350,964)</u>
	<u>13,363,737</u>	<u>11,374,501</u>
Movement in allowance for doubtful debts is as under:		
Balance at beginning of the year	(1,350,964)	(1,251,628)
Allowance for the year	(65,153)	(99,336)
Written back during the year	656,169	Nil
Balance at end of the year	<u>(759,948)</u>	<u>(1,350,964)</u>
<b>6 Inventories</b>		
Raw material	963,250	880,530
Packing materials	228,917	154,937
Finished goods	6,441,494	5,968,256
	7,633,661	7,003,723
Less: Allowance for slow moving inventories	<u>(108,370)</u>	<u>(105,952)</u>
	<u>7,525,291</u>	<u>6,897,771</u>
Movement in allowance for slow moving inventories is as under:		
Balance at beginning of the year	(105,952)	(152,326)
Utilisation for the year	(2,418)	46,374
Balance at end of the year	<u>(108,370)</u>	<u>(105,952)</u>
<b>7 Other Receivable and Prepayments</b>		
Staff advances	39,532	122,453
Prepaid expenses	729,173	461,124
Due from associate	85,076	23,303
Advance for capital expenditure	Nil	638,120
Deposits	318,380	280,550
	<u>1,172,161</u>	<u>1,525,550</u>



Pidilite MEA Chemicals L.L.C

Notes to the Financial Statements

March 31, 2016

(Figures in AED)

8 Property, Plant and Equipment

	Office Building	Plant and Machinery	Vehicles	Furniture and Fixtures	Tools and Lab Equipments	Office Equipments	Total
<b>Original Cost :</b>							
As at April 01, 2015	23,080,022	2,762,717	650,536	405,167	336,140	318,714	27,553,296
Additions during the year	406,064	3,793,686	36,454	274,300	69,622	144,554	4,724,680
As at March 31, 2016	<u>23,486,086</u>	<u>6,556,403</u>	<u>686,990</u>	<u>679,467</u>	<u>405,762</u>	<u>463,268</u>	<u>32,277,976</u>
<b>Depreciation :</b>							
As at April 01, 2015	192,142	1,920,901	281,508	219,423	280,982	114,710	3,009,666
Charge for the year	1,156,153	241,291	102,061	48,980	39,412	105,117	1,693,014
As at March 31, 2016	<u>1,348,295</u>	<u>2,162,192</u>	<u>383,569</u>	<u>268,403</u>	<u>320,394</u>	<u>219,827</u>	<u>4,702,680</u>
<b>Net Block :</b>							
As at March 31, 2016	<u>22,137,791</u>	<u>4,394,211</u>	<u>303,421</u>	<u>411,064</u>	<u>85,368</u>	<u>243,441</u>	<u>27,575,296</u>
As at March 31, 2015	<u>22,887,880</u>	<u>841,816</u>	<u>369,028</u>	<u>185,744</u>	<u>55,158</u>	<u>204,004</u>	<u>24,543,630</u>



**Pidilite MEA Chemicals L.L.C**  
**Notes to the Financial Statements**  
**March 31, 2016**

(Figures in AED)	2016	2015
<b>9 Intangible Assets</b>		
<b>Trademarks</b>		
<b>At Cost</b>		
Opening balance	1,098,000	Nil
Additions during the year	<u>Nil</u>	<u>1,098,000</u>
Closing balance	<u>1,098,000</u>	<u>1,098,000</u>
<b>Amortisation</b>		
Opening balance	9,150	Nil
Charge for the year	<u>109,800</u>	<u>9,150</u>
Closing balance	<u>118,950</u>	<u>9,150</u>
<b>Carrying amount</b>	<u>979,050</u>	<u>1,088,850</u>
<b>10 Capital Work in Progress</b>		
Opening balance	Nil	16,254,359
Additions during the year	<u>Nil</u>	<u>7,307,935</u>
	Nil	23,562,294
Transferred to Property, Plant and Equipment	Nil	(23,349,852)
Adjustments to Capital Work in Progress	<u>Nil</u>	<u>(212,442)</u>
Closing balance	<u>Nil</u>	<u>Nil</u>
<b>11 Borrowings</b>		
Bank overdraft	<u>10,322,550</u>	<u>3,559,485</u>
	<u>10,322,550</u>	<u>3,559,485</u>
Borrowings are secured against the corporate guarantee given by the ultimate parent, M/s Pidilite Industries Ltd.		
<b>12 Trade Accounts and Other Payable</b>		
Trade accounts payable	11,567,636	12,458,706
Leave salary and air fare	407,388	304,122
Creditors for capital expenditure	383,775	Nil
Accrued expenses	<u>528,593</u>	<u>267,502</u>
	<u>12,887,392</u>	<u>13,030,330</u>



**Pidilite MEA Chemicals L.L.C**  
**Notes to the Financial Statements**  
**March 31, 2016**

(Figures in AED)	2016	2015
<b>13 <u>Employees' End of Service Benefits</u></b>		
Balance at the beginning of the year	673,108	617,587
Provision for the year	348,059	177,987
Paid during the year	<u>(23,833)</u>	<u>(122,466)</u>
	<u>997,334</u>	<u>673,108</u>
<b>14 <u>Share Capital</u></b>		
300 shares of AED 1,000 each	<u>300,000</u>	<u>300,000</u>
	<u>300,000</u>	<u>300,000</u>
<b>15 <u>Shareholder's Loan</u></b>		
Pidilite Middle East Limited	<u>68,084,969</u>	<u>62,144,219</u>
	<u>68,084,969</u>	<u>62,144,219</u>

Shareholder's loan is an interest-free unsecured loan with no definite terms of repayment.

**16 Transactions with Related Parties**

The Company, in the normal course of business carries out transactions with parties that fall within the definition of related party contained in the International Financial Reporting Standards for Small and Medium-sized Entities. Significant transactions with related parties are as under:

Pidilite Industries Limited	26,339,926	11,058,244
Purchases	Nil	94,241
Purchase of fixed assets	190,542	137,439
Royalty expenses	253,483	36,450
Other expense	2,060,340	1,862,635
Expenses paid on behalf of associates		
Plus Call Technical Services LLC	19,833	Nil
Sales	37,595	Nil
Expenses paid on behalf of associates		
Building Systems Solution Trading WLL	61,773	Nil
Expenses paid on behalf of associates		
Funding from shareholder	5,940,750	11,295,500
Director's sitting fee	20,000	20,000



**Pidilite MEA Chemicals L.L.C**  
**Notes to the Financial Statements**  
**March 31, 2016**

(Figures in AED) 2016                      2015

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

**Related Party Classification**

Due from associate (Note 7)		
Pulvitec Brazil	23,303	23,303
Building System Solution Trading WLL	61,773	Nil
Trade accounts receivable (Note 5)		
Plus Call Technical Sevices LLC	13,413	Nil
Trade accounts and other payable (Note 12)		
Pidilite Industries Limited	9,443,880	10,820,170
Shareholder      Shareholder's loan (Note 15)	68,084,969	62,144,219

**17 Sales**

Manufacturing

Local	6,188,134	2,658,157
Export	1,706,444	6,155,978
	<u>7,894,578</u>	<u>8,814,135</u>

Trading

Local	31,462,991	10,626,625
Export	336	167,316
	<u>31,463,327</u>	<u>10,793,941</u>
	<u>39,357,905</u>	<u>19,608,076</u>

**18 Cost of Goods Sold**

Opening stock	7,003,723	1,112,566
Purchases	34,149,362	20,876,728
Direct costs	2,612,241	1,708,083
Less: Closing Stock	<u>(7,633,661)</u>	<u>(7,003,723)</u>
	<u>36,131,665</u>	<u>16,693,654</u>

**19 Other Income**

Profit on sale of assets	Nil	33,245
Exchange gain	Nil	20,983
Supplier balances written back	Nil	429
Interest income	140,724	Nil
Provision for doubtful debts written back	656,169	Nil
Sale of scrap	32,601	41,546
	<u>829,494</u>	<u>96,203</u>





**Pidilite MEA Chemicals L.L.C**  
**Notes to the Financial Statements**  
**March 31, 2016**

(Figures in AED)	2016	2015
<b><u>20 Selling, General and Administration Expenses</u></b>		
Employees' cost	5,356,468	2,545,019
Director's sitting fee	20,000	20,000
Rent	487,695	437,004
Legal and professional	2,129,154	1,058,886
Office expenses	785,450	435,750
Depreciation	1,693,014	513,439
Amortisation	109,800	9,150
Freight	549,106	553,801
Sales and marketing	1,557,823	368,894
Provision for doubtful debts	65,153	99,336
Miscellaneous	182,624	49,744
	<u>12,936,287</u>	<u>6,091,023</u>
<b><u>21 Finance Costs</u></b>		
Bank charges	133,486	31,071
Exchange loss	1,230	Nil
Interest on bank overdraft	198,221	161,552
	<u>332,937</u>	<u>192,623</u>
<b><u>22 Contingent Liabilities</u></b>		
Capital commitments	Nil	1,488,947
Labour guarantees	158,500	128,500
	<u>158,500</u>	<u>1,617,447</u>

Except for the above and 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.

**23 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 on April 27, 2016 and signed on their behalf by:

  
Mr. Sohail Badar  
Director