KHANNA & PANCHMIA
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Members of
ICA Pidilite Private Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **ICA Pidilite Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including Other comprehensive Income) and Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act,2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including Other comprehensive Income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of the Ind AS 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 Ind AS financial statements based on our audit.

While conducting the 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 of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act.Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS financial statements that give a true and fair view in order to

KHANNA & PANCHMIA MUMBAI CHARTERED ACCOUNTANTS

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design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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, 2017, and its profit, total comprehensive income, its cash flows and changes in the equity for the year ended on that date.

Other Matters

The comparative financial information of the Company for the transition date opening balance sheet as at 1st April 2015 to be included in these Ind AS financial statements have not been provided since Company was incorporated after that date.

Our opinion on the financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Government of India in terms of Section 143(11) of the Act, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we 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 purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31st March 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified

KHANDELWAL & PARCHMIA
MUMBAI
CHARTERED ACCOUNTANTS

opinion on the adequacy opinion on the adequacy and operating effectiveness of the Company's internal financial control over financial reporting.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

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.

iv. The Company has provided requisite disclosures in the Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

For **Khanna & Panchmia**
Chartered Accountants
Firm Reg. No. 136041W

KHANNA & PANCHMIA ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Devendra Khanna
Partner
Membership No. 038987

Place: Mumbai
Date: 8-5-2017

Annexure "A" to the Independent Auditor's Report

(Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements"of our report of even date)

(i)

a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b) As explained to us, the fixed assets have been physically verified by the management in accordance with the phased programme of verification, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to information and explanation given to us, no material discrepancies were noticed on such verification.

c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the title deeds of immovable properties are held in the name of the Company..

(ii) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on such physical verification.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under Section 189 of the Act. Accordingly, Clause 3 (iii) (a), (b) and (c) of the Order are not applicable and hence not commented upon.

(iv) According to the information and explanations given to us, the Company has not granted any loans, made investment or provided guarantee, which are covered by the provisions of section 185 and 186 of the Companies Act 2013. Hence, reporting under Clause 3(iv) of the Order is not applicable.

(v) The Company has not accepted any deposits from the public. Accordingly, Clause 3(v) of the Order is not applicable.

(vi) The Cost records prescribed under Section 148(1) of the Act is not applicable to the Company and hence Clause 3(vi) of the Order is not applicable.

(vii) (a)According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, SalesTax, Service tax, Custom duty, Excise duty, value added tax, cess and other statutory dues as applicable with the appropriate authorities. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they become payable.

(b) There were no dues which have not been deposited in respect of Income tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax on account of any dispute.

KHANNA & PANCHMIA
MUMBAI
CHARTERED ACCOUNTANTS

(viii) In our opinion and according to information and explanation given to us, the Company has not taken loans from any financial institutions, bank, and government nor issued any debentures.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

(x) Based upon the audit procedures performed and according to the information and explanations given to us, no fraud by the Company or any fraud on the Company by its officer/employees has been noticed or reported during the year nor have we been informed about any such case by the Management.

(xi) According to information and explanations given to us, the Company has not paid/provided any managerial remuneration requiring approvals as mandated by the provisions of section 197 read with schedule V of the Companies Act, 2013, hence reporting under clause 3(xi) of the Order is not applicable.

(xii) As the Company is not Nidhi Company, the reporting under clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Khanna & Panchmia
Chartered Accountants
Firm Reg. No. 136041W

KHANNA & PANCHMIA MUMBAI CHARTERED ACCOUNTANTS

Devendra Khanna
Partner
Membership No. 038987

Place: Mumbai
Date: 8-5-2017

Annexure "B" to the Independent Auditor's Report

(Referred to in Paragraph 2(f) under the heading of "Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **ICA Pidilite Private Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and

KHANNA & PANCHMIA * CHARTERED ACCOUNTANTS * MUMBAI dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of information and explanations given to us, the Company has, in all materials respects, an adequate internal financial controls system over financial reporting and such financial controls over financial reporting are operating effectively as at March 31, 2017 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Khanna & Panchmia
Chartered Accountants
Firm Reg. No. 136041W

KHANNA & PANCHMIA MUMBAI CHARTERED ACCOUNTANTS

Devendra Khanna
Partner
Membership No. 038987

Place: Mumbai
Date: 8-5-2017

ICA PIDILITE PRIVATE LIMITED

Statement of Profit and Loss For The Period Ended 31st March, 2017

(Amount in Rs.)

Particulars	Note No.	For the year ended 31st March 2017	For the year ended 31st March 2016
INCOME			
Revenue from Operations	21	1,010,836,953	-
Other Income	22	7,486,833	-
Total Income		1,018,323,786	-
EXPENSES			
Cost of Materials Consumed	23	60,709,069	-
Purchases of Stock-in-Trade (Traded goods)	24	657,988,740	-
Changes in inventories of Finished Goods	25	(100,211,915)	-
Excise Duty on sale of goods		61,448,444	-
Employee Benefits Expense	26	96,359,163	-
Finance Costs	27	14,850,753	-
Depreciation and Amortization Expense	28	110,522,906	-
Other Expenses	29	113,130,856	27,402
Total Expenses		1,014,798,016	27,402
Profit before Exceptional Items and Tax		3,525,769	(27,402)
(Add) / Less : Exceptional Items (net)		-	-
Profit before Tax		3,525,769	(27,402)
Tax Expense			
Current Tax	44	1,132,558	-
Deferred Tax	44	(2,573,935)	-
Net Tax expense		(1,441,377)	-
Profit for the year		4,967,146	(27,402)
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Actuarial Gains/Losses	30	372,830	-
Income tax relating to items that will not be reclassified to profit or loss			
Total Comprehensive Income		4,594,316	(27,402)
Earnings per share			
Basic (Rs.)		2.59	(2.74)
Diluted (Rs.)		2.59	(2.74)
Face Value of Share (Re)		10.00	10.00
Significant Accounting Policies	2		
See accompanying notes forming part of the financial statements	3 to 45		

In terms of our Report attached
For Khanna & Panchmia
Chartered Accountants
Firm Reg.No:136041W

Devendra Khanna
Membership No. 38987
Partner

Place: Mumbai
Date : 8th May, 2017

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

BHARAT PURI
Director

PRABHAKAR JAIN
Director

RAJESH JOSHI
Chief Executive Officer

Place: Mumbai
Date : 8th May, 2017

ICA PIDILITE PRIVATE LIMITED

Balance Sheet as at 31st March, 2017

(Amount in Rs.)

Particulars	Note No.	As at 31st March 2017	As at 31st March 2016
ASSETS			
Non Current Assets			
(a) Property, Plant and Equipment	3	**118,539,670**	-
(b) Capital Work-In-Progress		**5,017,680**	-
(c) Goodwill	4	**20,786,534**	-
(d) Other Intangible Assets	5	**1,058,554,632**	-
(e) Others	6	**4,760,000**	-
(f) Deferred Tax Assets (net)		**2,573,935**	-
		1,210,232,451	-
Current Assets			
(a) Inventories	7	**164,157,327**	-
(b) Financial Assets			
(i) Investments	8	**366,308,114**	-
(ii) Trade Receivables	9	**274,359,669**	-
(iii) Cash and cash equivalents	10	**19,798,418**	98,593
(iv) Bank balances other than (iii) above	11	**10,000,000**	-
(v) Loans		**2,586,042**	-
(vi) Advance to Suppliers		**1,321,432**	-
(c) Current Tax Assets (net)	12	**4,399,585**	-
(d) Other Current Assets	13	**23,835,807**	-
		866,766,394	98,593
	TOTAL	**2,076,998,845**	98,593
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	14	**45,660,000**	100,000
(b) Other Equity	15	**1,568,218,114**	(27,402)
		1,613,878,114	72,598
LIABILITIES			
Non-Current Liabilities			
(a) Other Non-Current Liabilities	16	**172,003,739**	-
		172,003,739	-
Current Liabilities			
(a) Financial Liabilities			
(i) Trade Payables	17	**110,942,793**	-
(ii) Others	18	**9,180,239**	-
(b) Other Current Liabilities	19	**169,671,426**	25,995
(c) Provisions	20	**1,322,533**	-
		291,116,991	25,995
		2,076,998,845	98,593
Significant Accounting Policies	2		
See accompanying notes forming part of the financial statements	3 to 45		

In terms of our Report attached
For Khanna & Panchmia
Chartered Accountants
Firm Reg.No. 136041W

Devendra Khanna
Partner

KHANNA & PANCHMIA MUMBAI CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

BHARAT PURI
Director

PRABHAKAR JAIN
Director

RAJESH JOSHI
Chief Executive Officer

Place: Mumbai
Date : 8th May, 2017

Place: Mumbai
Date : 8th May, 2017

STATEMENT OF CASH FLOW

(Amount in Rs.)

Particulars	For the year ended 31st March 2017		For the year ended 31st March 2016	
A. Cash flow from operating activities				
Net Profit before tax		2,986,217		(27,402)
Adjustments for:				
Depreciation and amortization expense	110,522,906			
Share issue expense				
Provision for employee benefits				
Provision for warranty expense				
Interest income	**3,654,202**			
Unrealised foreign exchange loss				
Net gain on sale of Current Investments	-			
Provision for Doubtful Debts	**1,493,154**			
Finance costs	**14,850,753**	130,521,015		-
Operating profit before working capital changes		133,507,232		(27,402)
Movement in working capital:				
(Increase) / decrease in operating assets:				
Inventories	(164,157,327)			
Trade receivables	(275,852,823)			
Other financial Current assets	(3,907,474)			
Other financial Non Current assets	(4,760,000)			
Other Current Assets	(23,835,807)			
Other non current assets	-			
		(472,513,431)		-
Increase / (decrease) in operating liabilities:				
Trade payables	110,942,793			
Other Current Financial liabilities	9,180,239			
Other Current Liabilities	341,649,170		25,995	
Other Non Current Financial liabilities	1,322,533			
		463,094,735		25,995
Cash generated from / (used in) operations		124,088,537		(1,407)
Net income tax paid		(5,365,421)		
Net cash used in operating activities (A)		**118,723,116**		**(1,407)**
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	(1,313,421,422)		-	
Profit on sale of investments	-		-	
Interest received	**(3,654,202)**		-	
Investment in Mutual Funds	**(366,308,114)**		-	
Investment in Deposits	**(10,000,000)**	(1,693,383,738)	-	
Net cash used in investing activities (B)		**(1,693,383,738)**		-
C. Cash flow from financing activities				
Net Proceeds from Issue of equity share capital	1,609,211,200		100,000	
Share issue expenses paid	-		-	
Net Proceeds from short-term borrowings	-		-	
Finance costs	**(14,850,753)**	1,594,360,447	-	100,000
Net cash generated from financing activities (C)		**1,594,360,447**		**100,000**
Net increase in Cash and cash equivalents (A+B+C)		**19,699,825**		**98,593**
Cash and cash equivalents at the beginning of the year		**98,593**		-
Cash and cash equivalents at the end of the year (Refer Note 12)		**19,798,418**		**98,593**

Significant Accounting Policies 2

In terms of our Report attached
For Khanna & Panchmia
Chartered Accountants

Devendra Khanna
Partner

Place: Mumbai
Date : 8th May, 2017

KHANNA & PANCHMIA ★ MUMBAI ★ CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

BHARAT PURI
Director

PRABHAKAR JAIN
Director

RAJESH JOSHI
Chief Executive Officer

Place: Mumbai
Date : 8th May, 2017

ICA Pidilite Pvt. Ltd.

Notes to the financial statements for the year ended 31st March 2017

1.0 Corporate Information

Company incorporated in Nov 2015 with name of Wood Coat Private Limited. As part of Joint Venture agreement Pidilite have 50% of the shareholding and balance held by ICA and the India based distributor Pratik Mehta. Subsequently the name of the company has been changed to ICA Pidilite Private Limited in June 2016.

The address of its registered office is Regent Chamber, 7th Floor, Jamnalal Bajaj Marg, 208, Nariman Point, Mumbai 400021. The address of principal place of business is 403 / 404, 4th floor, Satellite Silver Building, Near Marol Metro Station, Andheri Kural Road, Andheri (East), Mumbai – 400059.

2.0 Significant Accounting Policies

2.1 Basis of preparation and presentation

The financial statements of the company have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013('Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016.

These financial statements for the year ended March 31, 2017 are Company's first financial statements under Ind AS.

The financial statements have been prepared under the historical cost convention except for the following items which are measured as –

a. Certain Financial Assets / Liabilities – at Fair value

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest crore, otherwise indicated.

2.2 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Sale of goods

Revenue from sale of goods is recognised when all significant risk and rewards of ownership of the goods are transferred to the buyer, which generally coincides with dispatch of goods. It includes excise duty but excludes Sales Tax/ VAT. It is measured at fair value of consideration received or receivable, net of returns, rebates and discounts.

2.3 Foreign currencies

In preparing the financial statements of the company, transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items (including financial assets and liabilities) denominated in foreign currencies are retranslated at the rates prevailing at that date. Gains or losses arising from these translations are recognised in the statement of Profit and Loss.

2.4 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

KHANNA & PANCHMIA ★ MUMBAI ★ CHARTERED ACCOUNTANTS

2.5.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using applicable tax rates that have been enacted or substantively enacted by the end of the reporting period and the provisions of the Income Tax Act, 1961 and other tax laws, as applicable.

2.5.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the company is able to control the reversal of temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.5.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.6 Property, plant and equipment

2.6.1 Deemed cost on transition to Ind AS

This being the first FY of the Company, Assets are stated at acquisition value only.

2.6.2 Property, plant and equipment acquired separately

Freehold land is stated at cost and not depreciated.
Buildings, plant and machinery, vehicles, furniture and office equipments are stated at cost less accumulated depreciation and accumulated impairment losses, if any.
Capital Work in Progress includes cost of property, plant and equipment under installation/under development as at the balance sheet date.
Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.
Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost of such self-constructed item includes professional fees. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is recognised in profit or loss in the year of occurrence.

2.6.3 Depreciation

Depreciation is provided so as to write off the cost of assets (other than freehold land and Capital work in progress) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Based on the technical evaluation, the Company estimates useful lives of items of property, plant and equipment which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. Estimated useful lives of the property, plant and equipment are as follows:

Computer Hardwares	3-6 years
Furniture & Fittings	10 years
Vehicles	8 years
Electrical Installations	10 years
Office equipment	1-15 years

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2.7 Intangible Assets

2.7.1 Deemed cost on transition to Ind AS

This being the first Financial Year of the Company, Intangible Assets are stated at acquisition value only.

2.7.2 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are reported at cost less accumulated amortisation & accumulated impairment losses, if any.

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

2.7.3 Useful lives of intangible assets

Estimated useful lives of the Intangible assets are as follows:

Brand Royalty	10 years
Commercial Knowhow – Distribution Network	10 years
Commercial Right in the form of Marketing Exclusivity	10 years
Non-Compete Fees	10 years
Technology Transfer	10 years
Softwares	5-6 years
Goodwill (Skilled Workforce)	Indefinite life

2.8 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Intangible assets with indefinite useful lives are tested for impairment annually at the cash generating unit level. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Recoverable amount is the higher of fair value less costs of disposal and value in use.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

2.9 Inventories

Inventories are valued at lower of cost and net realisable value.

Cost of inventories is determined on weighted average basis. Cost for this purpose includes cost of direct materials, direct labour, excise duty and appropriate share of overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs of completion and estimated costs necessary to make the sale.

2.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions (excluding retirement benefits & Earn out Compensation) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are not recognised but disclosed in the Notes to the Financial Statements.

Contingent assets are not recognised but disclosed in the Notes to the Financial Statements, where an inflow of economic benefits is probable.

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2.11 Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.11.1 Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt instruments that meet conditions based on purpose of holding assets and contractual terms of instrument are subsequently measured at amortised cost using effective interest method.
All other financial assets are measured at fair value.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is

2.11.2 Impairment of financial assets

The Company applies expected credit loss model for recognizing impairment loss on financial assets like trade receivables, financial assets measured at amortised cost, lease receivables and other contractual rights to receive cash or other financial assets. Expected credit losses are weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at original effective rate of interest.

For Trade receivables, the Company measures loss allowance at an amount equal to lifetime expected credit losses. The Company computes expected credit loss allowance based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

2.11.3 Financial Liabilities

All financial liabilities are measured at amortised cost using effective interest method at the end of subsequent reporting periods. Interest expense is included in the Finance costs line item.

2.11.4 Derecognition of financial assets and liabilities

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

The Company derecognises financial liabilities when the Company's obligations are discharges, cancelled or have expired.

2.11.5 Derivative financial instruments

The Company enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.
Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

2.12 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank, cash in hand and short- term investments net of bank overdrafts with an original maturity of three months or less.

2.13 Employee benefits

Employee benefits include Provident Fund, Employee State Insurance Scheme, Gratuity Fund, Compensated Absences, Employee Medical Insurance and Anniversary Awards.

2.13.1 Defined contribution plans

The Company's contribution to Provident Fund and Employee State Insurance Scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

2.13.2 Defined benefit plans

For defined benefit plans in the form of Gratuity Fund, the cost of providing benefits is determined using the Projected Unit Credit method, with

2.13.3 Short term and other long term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is

2.14 Finance Costs

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2.14.1 Finance costs on Earn-out compensation for Business Transfer, Brand Royalty and Technology Know-How

Compensation payable in the form of Earn-out is calculated as per respective BTA, Brand Royalty & Technology Know-How agreements. These compensations are due for payment in future and hence future liability is discounted at 14% to present value for reporting under Intangible asset.
For the liability of current year, difference between Earn-out payable and present value of the same is recorded under Finance costs. Total difference reported for the same is Rs.1,40,62,960/-.

2.15 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies, reported amounts of assets, liabilities, income and expenses, and accompanying disclosures, and the disclosure of contingent liabilities. Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.
The estimates and underlying assumptions are reviewed on an ongoing basis. The effect of change in an accounting estimate is recognised prospectively in the period of change, if the change affects that period only or in the period of the change and future periods if the change affects both current and future periods.

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Statement of changes in Equity

(Amount in Rs.)

a. Equity Share Capital	Amount
Balance at April 1, 2015	-
Changes in equity share capital during the year	
- Issue of equity shares during the year	100,000
Balance at March 31, 2016	100,000
Changes in equity share capital during the year	45,560,000
Balance at March 31, 2017	45,660,000

(Amount in Rs.)

b. Other Equity	Reserves and Surplus		Total
	Securities Premium Account	Retained Earnings	
Balance at April 1, 2015	-	-	-
Profit for the year	-	(27,402)	(27,402)
On Issue of equity shares during the year	-	-	-
Other comprehensive income for the year, net of income tax	-	-	-
Balance at March 31, 2016	-	**(27,402)**	**(27,402)**
Profit for the year	4,594,315.97	-	4,594,316
On Issue of equity shares during the year	1,563,651,200		1,563,651,200
Other comprehensive income for the year, net of income tax	-	-	-
Balance at March 31, 2017	**1,568,245,516**	(27,402)	**1,568,218,114**

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Notes forming part of financial statements.

3. Property, plant and equipment

(Amount in Rs.)

Carrying amounts of:	31st March 2017	31st March 2016	1st April 2015
Building (Leasehold Improvement)	104,951,000		
Plant & Machinery	4,057,021		
Vehicles	423,176		
Furniture & Fixtures	6,232,276		
Office Equipments	2,876,197		
Total	**118,539,670**	-	-

Cost (Gross Block)	Free holdLand	Plant & Machinery	Vehicles	Furniture & Fixtures	Office Equipment	Total
Balance at April 1, 2015	-	-	-	-	-	-
Additions						-
Balance at March 31, 2016	-	-	-	-	-	-
Acquisitions through business combinations & Other Additions	104,951,000	5,215,837	655,225	7,958,248	3,394,910	122,175,221
Balance at March 31, 2017	**104,951,000**	**5,215,837**	**655,225**	**7,958,248**	**3,394,910**	**122,175,221**

Accumulated depreciation	Free holdLand	Plant & Machinery	Vehicles	Furniture & Fixtures	Office Equipment	Total
Balance at April 1, 2015	-	-	-	-	-	-
Depreciation expense						-
Balance at March 31, 2016	-	-	-	-	-	-
Depreciation expense		1,158,816	232,049	1,725,972	518,714	3,635,550
Balance at March 31, 2017	-	**1,158,816**	**232,049**	**1,725,972**	**518,714**	**3,635,550**

Carrying amount (Net Block)	Free holdLand	Plant & Machinery	Vehicles	Furniture & Fixtures	Office Equipment	Total
Balance at April 1, 2015	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-
Balance at March 31, 2016	-	-	-	-	-	-
Acquisitions through business combinations & Other Additions	104,951,000	5,215,837	655,225	7,958,248	3,394,910	122,175,221
Depreciation expense	-	1,158,816	232,049	1,725,972	518,714	3,635,550
Balance at March 31, 2017	**104,951,000**	**4,057,021**	**423,176**	**6,232,276**	**2,876,197**	**118,539,670**

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ICA PIDILITE PRIVATE LIMITED
Notes forming part of financial statements.

4. Goodwill

(Amount in Rs.)

	31st March 2017	31st March 2016
Cost	20,786,534	
Accumulated impairment losses		
Total	**20,786,534**	-

Cost	**31st March 2017**	**31st March 2016**
Balance at beginning of year	-	-
Additional amounts recognised from business combinations occuring during the year	20,786,534	-
Balance at end of year	**20,786,534**	-

5. Other Intangible assets

Carrying amounts of	**31st March 2017**	**31st March 2016**
Trade Mark	222,824,253	
Computer Software	1,439,884	
Technology Transfer	270,548,134	
Business Right in the Form of Technical Knowledge for Product Usage	14,768,187	
Non Compete Fees	4,541,096	
Commercial knowhow	313,462,489	
Commerical Right in the Form of Marketing Exclusivity	230,970,589	
	1,058,554,632	-

Cost (Gross block)	**Trade Mark**	**Computer Software**	**Technology Knowhow**	**Business Right in the Form of Technical Knowledge for Product Usage**	**Non Compete Fees**	**Commercial knowhow-Distribution Network**	**Commerical Right in the Form of Marketing Exclusivity**	**Total**
Balance at April 1, 2015	-	-	-		-			-
Additions	-	-	-		-			-
Balance at March 31, 2016	-				-			-
Acquisitions through business combinations	245,341,938	1,499,656	297,888,594	16,260,598	5,000,000	345,139,694	254,311,508	1,165,441,988
Balance at March 31, 2017	**245,341,938**	**1,499,656**	**297,888,594**	**16,260,598**	**5,000,000**	**345,139,694**	**254,311,508**	**1,165,441,988**

Accumulated amortisation and impairment	**Trade Mark**	**Computer Software**	**Technology Knowhow**	**Business Right in the Form of Technical Knowledge for Product Usage**	**Non Compete Fees**	**Commercial knowhow-Distribution Network**	**Commerical Right in the Form of Marketing Exclusivity**	**Total**
Balance at April 1, 2015	-				-			-
Amortisation expense	-	-						-
Balance at March 31, 2016	-	-	-		-			-
Amortisation expense	22,517,685	59,772	27,340,460	1,492,411	458,904	31,677,205	23,340,919	106,887,356
Balance at March 31, 2017	**22,517,685**	**59,772**	**27,340,460**	**1,492,411**	**458,904**	**31,677,205**	**23,340,919**	**106,887,356**

Carrying amount (Net Block)	**Trade Mark**	**Computer Software**	**Technology Knowhow**	**Business Right in the Form of Technical Knowledge for Product Usage**	**Non Compete Fees**	**Commercial knowhow-Distribution Network**	**Commerical Right in the Form of Marketing Exclusivity**	**Total**
Balance at April 1, 2015	-	-	-		-			-
Additions	-	-	-		-			-
Amortisation expense	-	-	-		-			-
Balance at March 31, 2016	-	-	-		-			-
Acquisitions through business combinations	**245,341,938**	**1,499,656**	**297,888,594**	**16,260,598**	**5,000,000**	**345,139,694**	**254,311,508**	**1,165,441,988**
Amortisation expense	22,517,685	59,772	27,340,460	1,492,411	458,904	31,677,205	23,340,919	**106,887,356**
Balance at March 31, 2017	**222,824,253**	**1,439,884**	**270,548,134**	**14,768,187**	**4,541,096**	**313,462,489**	**230,970,589**	**1,058,554,632**

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ICA PIDILITE PRIVATE LIMITED
Notes forming part of financial statements.

6 Other Non Current Financial Assets

(Amount in Rs.)

		As at 31st March 2017	As at 31st March 2016
Unsecured, considered good			
Security deposits		4,760,000	-
	TOTAL	4,760,000	-

7 Inventories (At lower of cost and net realizable value)

(Amount in Rs.)

		As at 31st March 2017	As at 31st March 2016
Raw Material & Packing Material *		63,945,412	-
Stock in Trade		87,722,527	-
Work-in-Progress		1,005,121	-
Finished Goods		11,484,267	-
	TOTAL	164,157,327	-

* Includes Goods in transit Rs 41,498,067/-

8 Financial Assets - Investments - Current

(Amount in Rs.)

		As at 31st March 2017	As at 31st March 2016
Current Investments (at fair value)			
ICICI PRUDENTIAL MUTUAL FUND Units-1521735.72 @ 239.56		366,308,114	-
	TOTAL	366,308,114	-

9 Trade Receivables

(Amount in Rs.)

		As at 31st March 2017	As at 31st March 2016
Current			
Unsecured, considered good		274,359,669	-
Considered doubtful		1,493,154	-
		275,852,823	-
Less: Provision for doubtful receivables		1,493,154	-
	Total	274,359,669	-

The average credit period on sales of goods is 90 days. No interest is charged on trade receivables.

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10 Cash and Cash Equivalents

(Amount in Rs.)

		As at 31st March 2017	As at 31st March 2016
Cash on Hand		22,832	3,593
Balances with banks			
In Current Account		19,775,586	95,000
	TOTAL	19,798,418	98,593
Cash and cash equivalents as per Statement of Cash Flow		19,798,418	98,593

11 Bank Balances other than Cash and Cash Equivalents

In Fixed Deposit Accounts in lien with Forward Contract		10,000,000	-
	TOTAL	10,000,000	-

12 Income Tax Assets

		As at 31st March 2017	As at 31st March 2016
Unsecured, considered good			
Advance Income Tax (Net of Provisions)		4,399,585	-
	TOTAL	4,399,585	-

13 Other Current Assets

(Amount in Rs.)

		As at 31st March 2017	As at 31st March 2016
Unsecured, considered good			
Prepaid Expenses		1,558,142	-
Balances with Government Authorities		22,277,666	-
	TOTAL	23,835,807	-

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ICA PIDILITE PRIVATE LIMITED
Notes forming part of financial statements.

14 **Equity Share Capital**

(Amount in Rs.)

		As at 31st March 2017	As at 31st March 2016
Authorised Capital :			
6,000,000 Equity Shares of Rs.10 each		60,000,000	500,000
	TOTAL	60,000,000	500,000
Issued, Subscribed and Paid up Capital :			
45,66,000 Equity Shares of Re 1 0each, fully paid-up		45,660,000	100,000
	TOTAL	45,660,000	100,000

a. **Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period**

	As at 31st March 2017		As at 31st March 2016	
	Number of Shares	Rs.	Number of Shares	Rs.
Equity Shares				
Shares outstanding at the beginning of the year	10,000	100,000	10,000	100,000
Shares issued during the year	4,556,000	45,560,000		
Shares outstanding at the end of the year	4,566,000	45,660,000	10,000	100,000

b. **Details of shareholders holding more than 5% shares in the Company:**

	As at 31st March 2017		As at 31st March 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Pidiilite Industries Ltd	2,237,340	49%	4,900	49%
Industria Chimica Adritica Spa	2,054,700	45%	4,500	45%

c. No equity shares were allotted without payment being received in cash.

d. The Company does not have any stock option plans.

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ICA PIDILITE PRIVATE LIMITED

Notes forming part of financial statements.

15 Other Equity

(Amount in Rs.)

	As at 31st March 2017	As at 31st March 2016
Securities Premium Account		
Balance as per last financial statements		-
Add : Premium on Shares issued during the year	1,563,651,200	-
Closing Balance	1,563,651,200	-
Retained Earnings		
Balance as per last financial statements	(27,402)	-
Add: Profit / (Loss) for the year	4,594,316	(27,402)
Closing Balance	4,566,914	(27,402)
TOTAL	1,568,218,114	(27,402)

16 Non Current Provisions

(Amount in Rs.)

	As at 31st March 2017	As at 31st March 2016
Provision for Employee Benefits (Refer Note 40)		
Gratuity	2,399,929	-
Earnouts Payable	169,603,810	-
TOTAL	172,003,739	-

17 Trade Payables

(Amount in Rs.)

	As at 31st March 2017	As at 31st March 2016
Trade Payables	110,942,793	-
TOTAL	110,942,793	-

18 Other Financial Liabilities

(Amount in Rs.)

	As at 31st March 2017	As at 31st March 2016
Advance from customers	472,494	-
Employee related liabilities	186,977	-
Statutory Remittances*	8,520,768	-
TOTAL	9,180,239	-

* includes TDS & MVAT

19 Other Current Financials Liabilities

(Amount in Rs.)

	As at 31st March 2017	As at 31st March 2016
Earnouts Payable	113,100,000	-
Trade/ Security Deposit received	1,800,000	-
Liabilities for Expenses	54,771,426	25,995
TOTAL	169,671,426	25,995

20 Current Provisions

(Amount in Rs.)

	As at 31st March 2017	As at 31st March 2016
Provision for Employee Benefits		
Gratuity	165,219	-
Compensated absences	1,157,314	-
TOTAL	1,322,533	-

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21. **Revenue From Operations**

		For the year ended 31st March 2017	(Amount in Rs.) For the year ended 31st March 2016
Revenue From Operations (Gross)			
Sale of Products			
Finished Goods		305,638,403	-
Traded Goods		704,144,344	
	TOTAL (A)	1,009,782,746	-
Other Operating Revenue			
Scrap Sales		1,054,206	-
Cash Discount Received			
Export Incentives			
	TOTAL (B)	1,054,206	-
Revenue from operations (Gross) (A+B)			-
	TOTAL	1,010,836,953	-

22. **Other Income**

		For the year ended 31st March 2017	(Amount in Rs.) For the year ended 31st March 2016
Interest on:			
Bank Deposit		3,654,202	-
Net Gain on Sale of :			
Current Investments		291,143	-
Other Non-Operating Income:			
Comission Received		1,637,877	-
Net gain/(loss) arising on financial assets designated as at FVTPL		1,766,971	-
Miscellaneous Income		136,640	-
	TOTAL	7,486,833	-

23. **Cost of Materials Consumed**

		For the year ended 31st March 2017	(Amount in Rs.) For the year ended 31st March 2016
Inventory at the beginning of the year		-	-
Add : Purchases *		124,654,481	-
		124,654,481	-
Less : Inventory at the end of the year *		63,945,412	-
	TOTAL	60,709,069	-

* Includes Goods in transit Rs 41,498,067/-

Details of Materials Consumed

		For the year ended 31st March 2017	(Amount in Rs.) For the year ended 31st March 2016
Chemicals		60,709,069	-
	TOTAL	60,709,069	-

24. **Details of Purchase of Stock in Trade**

		For the year ended 31st March 2017	(Amount in Rs.) For the year ended 31st March 2016
Chemicals		657,988,740	-
	TOTAL	657,988,740	-

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25. **Change in Inventories of Finished Goods, Work in Progress and Stock in Trade**

(Amount in Rs.)

	For the year ended 31st March 2017	For the year ended 31st March 2016
Inventories at end of the year		
Stock-in-Trade	87,722,527	-
Work-in-Progress	1,005,121	-
Finished Goods	11,484,267	-
(A)	100,211,915	-
Inventories at beginning of the year		
Stock-in-Trade	-	-
Work-in-Progress	-	-
Finished Goods	-	-
(B)	-	-
(B)-(A)	(100,211,915)	-
Increase / (Decrease) of Excise Duty on inventory of FG	-	
TOTAL	(100,211,915)	-

26. **Employee Benefits Expense**

(Amount in Rs.)

	For the year ended 31st March 2017	For the year ended 31st March 2016
Salaries and Wages	89,860,568	-
Contribution to Provident and Other Funds	4,285,796	-
Gratuity	557,152	-
Expense on employee stock option (ESOP) scheme	759,988	-
Staff Welfare Expenses	895,659	-
TOTAL	96,359,163	-

27. **Finance Costs**

(Amount in Rs.)

	For the year ended 31st March 2017	For the year ended 31st March 2016
Interest expense on:		
Interest on Earn-Outs	14,062,960	-
Others	787,793	-
TOTAL	14,850,753	-

Compensation payable in the form of Earn-out is calculated as per respective BTA, Brand Royalty & Technology Know-How agreements. These compensations are due for payment in future and hence future liability is discounted at 14% to present value for reporting under Intangible asset. For the liability of current year, difference between Earn-out payable and present value of the same is recorded under Finance costs.

28. **Depreciation and Amortization Expense**

(Amount in Rs.)

	For the year ended 31st March 2017	For the year ended 31st March 2016
Depreciation on Tangible Assets (Refer Note 3)	3,635,550	-
Amortization of Intangible Assets (Refer Note 4)	106,887,356	-
TOTAL	110,522,906	-

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29. Other Expenses

(Amount in Rs.)

	For the year ended 31st March 2017	For the year ended 31st March 2016
Clearing, Forwarding and Octroi Duty	17,074,515	-
Rent	8,486,410	-
Rates and Taxes	127,625	-
Insurance	1,710,094	-
License fees	28,588	-
Repairs & Maintenance	1,501,227	-
Advertisement and Publicity	33,127,708	-
Legal, Professional and Consultancy fees	6,104,872	-
Communication Expenses	3,970,093	-
Printing and Stationery	1,324,921	-
Travelling and Conveyance Expenses	15,720,038	-
Provision for Doubtful Debts	1,493,154	-
Processing and Packing Charges	30,909,448	-
Brokerage & Commission	2,413,620	-
Payments to Auditor	600,000	-
Prelimenary Expenses	1,972,980	-
Net loss on foreign currency transactions and translation	(18,408,095)	-
Miscellaneous expenses	4,973,658	27,402
TOTAL	113,130,856	27,402.00

30. Other Comprehensive Income

(Amount in Rs.)

	For the year ended 31st March 2017	For the year ended 31st March 2016
Actuarial Gains/losses	539,552	
Tax effect on Other Comprehensive Income	166,722	
	372,830	-

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Notes forming part of financial statements.

31 Contingent Liabilities and Commitments

(Amount in Rs.)

		As at 31st March, 2017	As at 31st March, 2016
A)	**Contingent liabilities not provided for:**		
	Guarantees given by Banks in favor of others	NIL	NIL
B)	**Commitments:**		
(a)	Estimated amount of contracts, net of advances, remaining to be executed for the acquisition of property, plant and equipment and not provided for	NIL	NIL
(b)	Other Commitments - Non Cancellable Operating Leases (Refer Note 51)	NIL	NIL

32 Segment information

The Company does not have any segment for reporting.

33 Earnings Per Share (EPS)

The following reflects the Profit and Share data used in the Basic and Diluted EPS computations:

(Amount in Rs.)

	As at 31st March 2017	As at 31st March 2016
Basic and Diluted:		
Total Operations for the year / period		
Profit for the year	**4,594,316**	(27,402)
Weighted average number of equity shares for calculating basic and diluted EPS	**1,774,177**	10,000
Par value per share	**10.00**	10.00
Earning per share (Basic and Diluted)	**2.59**	-2.74

34 Related Party Transactions

List of Related Parties

(i) **Holding Company**

Pidilite Industries Ltd — Holding Company

(ii) **Subsidiary Company**

Nil

(iii) **Key Management Personnel**

a. Shri Bharat Puri — Director

b. Shri Prabhakar Jain — Director

Transactions with Related Parties for the year ended 31st March, 2017 are as follows :

(Amount in Rs.)

	Nature of Transaction	Remuneration to Directors	Pidilite Industries Ltd	ICA
a	Sales /Works Contact Income	NIL	NIL	1,637,877
b	Purchase of Brand and Technology Rights	NIL	NIL	350,000,000
c	Purchases and Other Services	NIL		
	Purchase of Land		99,000,000	
	Purchase of Materials			397,682,243
d	Outstanding Balances :			
	- Debtors including advances	NIL	NIL	1,883,558
	- Creditors	NIL	NIL	(80,169,313)
	- Net Receivable/(Payable)	NIL	NIL	(78,285,755)

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35 **Employee Benefits**

General description of defined benefit plans :

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. Actuarial gains and losses in respect of defined benefit plans are recognised in the Financial statements through other comprehensive income.

Interest risk

A decrease in the bond interest rate will increase the plan liability.

Longevity risk

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Defined benefit plans – as per actuarial valuation

(Amount in Rs.)

	Particulars	31st March 2017	31st March 2016	1st April 2015
Change in the present value of defined benefit obligation				
1	Present value of defined benefit obligation at the beginning of the year	1,830,763		
3	Current service cost	435,774		
4	Interest cost/income	121,378		
5	Remeasurements (gains)/ losses included in OCI			
	Actuarial (gains)/ losses arising from changes in demographic assumption	244,284		
	Actuarial (gains)/ losses arising from changes in financial assumption	105,789		
	Actuarial (gains)/ losses arising from changes in experience adjustment	189,479		
6	Past Service cost			
7	Benefits paid	(362,319)		
8	Present value of defined benefit obligation at the end of the year	2,565,148		

Net Asset/(Liability) recognised in the Balance Sheet as at				
1	Present value of defined benefit obligation as at 31st March	2,565,148		
2	Fair value of plan assets as at 31st March	-		
3	Surplus/(Deficit)	2,565,148		
4	Current portion of the above	165,220		
5	Non current portion of the above	2,399,928		

Actuarial assumptions				
1	Discount rate	7.1%		-
2	Attrition rate	10%		-
3	Salary Escalation	6.5%		-

Quantitative sensitivity analysis for significant assumption is as below				
1	One percentage point increase in discount rate	2,802,193		-
2	One percentage point decrease in discount rate	2,360,501		-
3	One percentage point increase in Salary growth rate	2,357,536		-
4	One percentage point decrease in Salary growth rate	2,801,177		-
5	One percentage point increase in attrition rate			-
6	One percentage point decrease attrition rate			-

Expense recognised in the Statement of Profit and Loss for the year ended				
1	Current service cost	435,774		
2	Interest cost on benefit obligation (Net)	121,378		
3	Total expenses included in employee benefits expense	557,152		

Recognised in other comprehensive income for the year				
1	Actuarial (gains)/ losses arising from changes in demographic assumption	244,284		
2	Actuarial (gains)/ losses arising from changes in financial assumption	105,789		
3	Actuarial (gains)/ losses arising from changes in experience adjustment	189,479		
4	Return on plan asset	-		
5	Recognised in other comprehensive income	539,552		

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The Company's contribution to Provident Fund and Employees State Insurance Scheme aggregating **Rs. 4,285,796/-** has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

Actuarial gains and losses in respect of defined benefit plans are recognised in the Financial statements through other comprehensive income.

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Notes forming part of financial statements.

36 Disclosures required under Section 22 of Micro, Small and Medium Enterprise Development Act, 2006

(Amount in Rs.)

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
(i) Principal amount remaining unpaid to any SME supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-
TOTAL	-	-

The above information regarding dues to Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information collected with the Company. This has been relied upon by the auditors.

37 Details of Payments to Auditor

(Amount in Rs.)

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Audit fees	400,000	
Tax Audit	100,000	
Other Services:		
(Transfer Pricing Audit Fees)	100,000	
	600,000	-

38 Operating Lease

a) Operating lease payment (minimum lease payments) has been recognised in Statement of Profit and Loss under heading Rent under other expenses amounting to **Rs.33,75,000/-**

b) General description of the leasing arrangement:
i) Leased Assets : Office space.
ii) Future lease rentals are determined on the basis of agreed terms.
iii) At the expiry of the lease term, the Company has an option either to vacate the asset or extend the term by giving notice in writing.

The Company has entered into operating lease arrangements for certain facilities. The lease is non-cancellable for a period of 18 months and may be renewed for a further period based on mutual agreement of the parties.

Non cancellable operating lease commitments. (Amount in Rs.)

Future minimum lease payments	For the year ended 31st March, 2017	For the year ended 31st March, 2016
not later than one year	**8,268,750**	-
later than one year and not later than five years	**708,750**	-
later than five years	-	-

39 Note on Business Purchase Agreement

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the company, liabilities incurred by the company to the former owners of the acquiree and the equity interest issued by the company in exchange of control of acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred over the net of acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

Pursuant to a Business Transfer Agreement (BTA) entered into by the company with ITALCOATS, PRATIK M MEHTA & MAHENDRA N MEHTA (collectively, referred as "Seller", the company acquired the Wood Finish Distribution Business (the "Business") from a "Seller" as a going concern and on a slump sale basis for a consideration mentioned below, with effect from 25th April, 2016.

The terms and conditions of the BTA included a total purchase consideration of Rs. 665,342,000/-, part of which was paid by the Company to the Seller on the closing date i.e., 03rd May 2016 amounting to Rs.610,342,000/-. For balance amount of Rs.55,200,000/- (Holdback Amount), payment of Rs.10,000,000/- is made on 21st July 2016 & Rs.41,391,755/- is made on 12th September 2016. Balance will be paid based on NOC received from Dealers and Distributors.

For funding the transaction, 1,82,640 equity shares of face value Rs.10 each were issued and allotted till 31st March 2017 to Seller. Of these 1,82,640 shares, 500 shares were issued as a part of initial offer at face value and 182,140 shares were issued at premium of Rs.340/- on 10th June 2016.

The terms and conditions of the BTA also provides for Earnouts payment to Seller on Achieving the milestones relating to Sales & Gross Margin of 3 years starting from FY 2016-17. Total Earnouts provision for said years is coming out to be Rs.87,927,238/-.

As per BTA, all the employees as on the date of BTA were transferred to the Company on a continuous service basis.

In the above transaction, an amount of Rs.636,498,334/- was incurred towards intangible Assets, being the difference between purchase consideration and net assets acquired based on an independent valuation obtained in this regard, as detailed under:

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Purchase Consideration	(Amount in Rs.)
1. Lumpsum Consideration	**665,342,000**
2. Non Compete Fees	**5,000,000**
3. Earn-out Compensation as on 31-03-2017	**87,927,238**
4. Stamp Duty Paid on BTA agreements	**1,591,084**
5. Earn-out Compensation for Polycure Business	**6,941,624**
Total Purchase Consideration (A)	**766,801,946**
Tangible Assets	7,503,612
Inventories	116,819,729
Current Assets and Loans and Advances	2,811,034
Total Assets Acquired (B)	**127,134,375**
Employee Liabilities	1,830,763
Total Liabilities taken over (C)	**1,830,763**
(D) Net Assets Acquired (B) - (C)	**125,303,612**
(E) Non Compete Fees	**5,000,000**
Intangible Assets (F) = (A) - (D)- [E]	**636,498,334**

Basis the valuation report, Intangible assets are bifurcated in below categories:	(Amount in Rs.)
1. Commercial Knowhows - Distribution Network	345,139,694
2. Goodwill - (Skilled Workforce)	20,786,534
3. Business Right in form of Technical Knowledge for Product Usage	16,260,598
4. Commercial Right in form of Marketing Exclusivity	254,311,508
	636,498,334

40 Trademark

Pursuant to the BRAND ROYALTY AGREEMENT entered into by the company with INDUSTRIA CHIMICA ADRIATICA, S.P.A. (referred as "Seller"), the company received from the Seller the right to use the ICA Trademark in the Technical field within the Territory defined in the agreement for a consideration mentioned below, with effect from 28th April 2016.

	(Amount in Rs.)
Lumpsum Consideration paid to ICA, Italy	158,000,000
Earn-out Compensation as on 31-03-2017 (Capitalised)	78,197,395
Total	236,197,395
Add: Service Tax on Lumpsum Consideration under Reverse Charge Mechanism @ 14%	22,120,000
Add: Swachh Bharat Cess on Lumpsum Consideration under Reverse Charge Mechanism @ 0.5%	790,000
Add: Stamp Duty	586,000
	259,693,395
Less: Cenvat Credit Availed	14,351,456
Total Capitalisation	245,341,939

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Notes forming part of financial statements.

41 Technology Know-how

Pursuant to the TECHNOLOGY TRANSFER AGREEMENT entered into by the company with INDUSTRIA CHIMICA ADRIATICA, S.P.A. (referred as "Seller"), the company received from the Seller the ICA Technology Know-How for manufacturing the JV products in the Territory defined in agreement, for a consideration mentioned below, with effect from 28th April 2016.

	(Amount in Rs.)
Lumpsum Consideration Paid to ICA, Italy	192,000,000
Earn-out Compensation as on 31-03-2017 (Capitalised)	95,574,593
Total	287,574,593
Add: Service Tax paid on Lumpsum Consideration under Reverse Charge @ 9%	17,280,000
Add: R&D Cess paid @ 5%	9,600,000
Add: Stamp duty paid	714,000
	315,168,593
Less: Cenvat Credit Availed	17,280,000
Total Capitalised	297,888,593

42 Disclosure on Specified bank notes (SBNs)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

(Amount in Rs.)

	Particulars	SBNs	Other denomination notes	Total
	Closing cash in hand as at 8th November 2016	44,000	2,826	46,826
(+)	Permitted Receipts	-	400,592	400,592
(-)	Permitted Payments	-	349,105	349,105
(-)	Amount deposited in Bank	44,000	20,632	64,632
	Closing cash in hand as at 31st December 2016	-	33,681	33,681

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43 Financial Instrument

1 Capital Management
The Company does not have any debt as on 31st March 2017

2 Categories of financial instruments

	31st March 2017	31st March 2016
Financial assets		
Measured at Fair Value through Profit or Loss		
Forward foreign exchange contracts		-
Measured at amortised cost		
Cash and bank balances	19,798,418	98,593
Other financial assets	818,732,583	-
Financial liabilities		
Measured at Fair Value through Profit or Loss		
Measured at amortised cost	289,794,458	25,995

3 Financial risk management objectives
Liquidity risk management
Liquidity risk refers to the risk that the Company will encounter difficulty in meeting its financial obligation as they fall due. The Company's financial assets are higher than labilities as on 31st March 2017.

Credit risk management
Credit risk refers to risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has reputed customers due to which credit risk is very less.

4 Market risk
The Company's activities expose it primarily to the financial risk of changes in foreign currency exchange rates. The Company enters into forward foreign exchange contracts to manage its exposure to foreign currency risk of imports.

5 Foreign currency sensitivity analysis
The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed utilising forward foreign exchange contracts.
The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	FC value in Foreign Currency		FC value in INR	
	31st March 2017	31st March 2016	31st March 2017	31st March 2016
Amounts payable in foreign currency on account of the following:				
EUR	1,159,458		80,289,665	

The Company is mainly exposed to the EUR.
The following table details the Company's sensitivity to a 2% increase and decrease against the relevant foreign currencies. 2% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% change in foreign currency rates.

	EUR impact		
	31st March 2017	31st March 2016	1st April 2015
Impact on profit or loss for the year (ii)	(1,605,793)		

(i) This is mainly attributable to the exposure to outstanding Euro receivables and payables at the end of the reporting period.
In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year

Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Company's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets / financial liabilities	Fair value as at			Fair value heirarchy	valuation technique(s) and key input(s)
	31/03/2017	31/03/2016	01/04/2015		
Investment in Mutual Funds	Various listed funds fair value of Rs. 366 Mn			Level 1	Quoted bid prices in active market

Fair value of the Company's financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)
Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

Particulars	31st March 2017		31st March 2016		01/04/2015	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Financial assets carried at Amortised Cost						
Inventories	164,157,327	164,157,327				
Trade Receivables	274,359,669	274,359,669				
Cash and cash equivalents	19,798,418	19,798,418				
Bank balances other than (iii) above	10,000,000	10,000,000				
Loans	2,586,042	2,586,042				
Advance to Suppliers	1,321,432	1,321,432				
Others	4,760,000	4,760,000				
Total	**476,982,887**	**476,982,887**	-	-	-	-
Financial liabilities						
Financial liabilities held at amortised cost						
Trade Payables	110,942,793	110,942,793				
Other Financial Liabilities (Statutory Remittance)	9,180,239	9,180,239				
Other Current Liabilities	169,671,426	169,671,426				
Provisions	1,322,533	1,322,533				
Total	**291,116,991**	**291,116,991**	-	-	-	-

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44 Taxes

1 Deferred Tax

a 2016- 2017

Deferred tax assets/(liabilities) in relation to:

	Opening Balance	Recognised in Profit and Loss	Closing balance
Fixed Assets	-	32,993,874	32,993,874
Provision for Gratuity, Leave encashment etc	-	(1,611,625)	(1,611,625)
Busineess Loss	-	(29,119,472)	(29,119,472)
Investments	-	545,994	545,994
ESOP	-	(234,836)	(234,836)
Total	-	**2,573,935**	**2,573,935**

b **2015-2016**

Deferred tax assets/(liabilities) in relation to:

	Opening Balance	Recognised in Profit or loss	Closing balance
Property, plant and equipment	-	-	-
Intangible assets	-	-	-
Trade Receivable	-	-	-
Defined benefit obligation	-	-	-
Total	-	-	-

2 Income Tax

a **Income tax recognised in profit or loss Year**

	As at 31st March 2017	As at 31st March 2016
Current tax		
In respect of the current year	1,132,558	
In respect of prior years	-	
	1,132,558	
Deferred tax		
In respect of the current year	(2,573,935)	
	(2,573,935)	
Total income tax expense recognised in the current year relating to continuing operations	**(1,441,377)**	

b **The income tax expense for the year can be reconciled to the accounting profit as follows:**

	As at 31st March 2017	As at 31st March 2016
Profit before tax from operations	**3,525,769**	
	30.900%	
Income tax expense calculated	1,089,463	
Effect of expenses that are not deductible in determining taxable profit	5,489,968	
Effect of the Company being taxed at lower tax rate (minimum alternate tax) as the profits under tax laws are lower than the book profits		
Others	(8,020,807)	
	(1,441,377)	
Adjustments recognised in the current year in relation to the current tax of prior years	0	
Income tax expense recognised in profit or loss (relating to continuing operations)	**(1,441,377)**	

45 **Approval of financial statements**

The financial statements were approved for issue by the board of directors on 8th May, 2017.

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