

**INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS
OF
PIDILITE SPECIALITY CHEMICALS BANGLADESH PRIVATE LTD.
AS AT AND FOR THE YEAR ENDED 31 MARCH 2017**



AHMED MASHUQUE & CO. *Chartered Accountants.*

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Independent Auditors' report to the shareholders of Pidilite Speciality Chemicals Bangladesh Private Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of Pidilite Speciality Chemicals Bangladesh Private Ltd., which comprise the statement of financial position as at 31 March 2017, and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Pidilite Speciality Chemicals Bangladesh Private Ltd. as at 31 March 2017, and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994 we also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books; and
- c) the company's statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

Dated : 08 MAY 2017
Dhaka

Ahmed Mashuque & Co.
Chartered Accountants

Pidilite Speciality Chemicals Bangladesh Private Ltd.
Statement of financial position
As at 31 March 2017

	Notes	Amount in Taka	
		31-Mar-17	31-Mar-16
Assets			
Property, plant and equipment	5	208,759,752	221,036,310
Capital work-in-progress	6	162,965,305	15,540,283
Non current assets		371,725,057	236,576,593
Inventories	7	119,192,918	140,838,898
Accounts receivable	8	137,779,291	90,460,867
Investment in FDR		40,000,000	150,000,000
Cash and bank balances	9	16,579,894	12,902,119
Advances, deposits and prepayments	10	25,477,641	23,526,061
Interest and other receivable		126,112	221,362
Current assets		339,155,857	417,949,307
Total assets		710,880,913	654,525,900
Equity and liabilities			
Shareholder's equity			
Share capital	11	352,677,300	352,677,300
Share money deposits	12	17,337	17,337
Retained earnings		216,841,687	165,748,215
Total equity		569,536,325	518,442,852
Liabilities			
Deferred tax liabilities	13	27,246,184	29,986,574
Non current liabilities		27,246,184	29,986,574
Employee benefits expenses payable	14	16,892,646	15,962,565
Provision for expenses	15	33,827,748	21,815,024
Current tax liability	16	1,166,792	23,900,592
Accounts payables	17	62,211,219	44,418,294
Current liabilities		114,098,405	106,096,475
Total liabilities		141,344,588	136,083,049
Total equity and liabilities		710,880,913	654,525,900

These financial statements should be read in conjunction with the annexed notes.

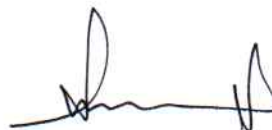

 Director


 Director


 Head of Finance

Signed in terms of our separate report of even date annexed

Dated : 08 MAY 2017
 Dhaka


 Ahmed Mashuque & Co.
 Chartered Accountants



Pidilite Speciality Chemicals Bangladesh Private Ltd.
Statement of profit or loss and other comprehensive income
For the year ended 31 March 2017

	Notes	Amount in Taka	
		2016 - 2017	2015 - 2016
Income			
Sales - net of VAT	18	950,871,111	858,150,910
Other income	19	3,023,774	2,925,059
		953,894,885	861,075,969
Less: Expenditure			
Cost of materials	20	503,172,644	465,668,657
Operating expenses	21	15,228,766	14,426,483
Administrative expenses	22	36,408,715	26,906,426
Selling and distribution expenses	23	125,444,985	89,837,267
Employee benefits expenses	24	105,554,599	80,289,569
Depreciation		30,388,258	28,462,675
		816,197,967	705,591,077
Operating profit for the year		137,696,918	155,484,892
Add: Interest income		981,538	2,414,705
Less: Interest on overdraft		(1,509)	(11,671)
Profit before income tax for the year		138,676,947	157,887,926
Income tax expense			
Current tax		49,765,974	52,919,591
Deferred tax		(2,740,390)	1,716,660
		47,025,584	54,636,251
Net profit after income tax for the year		91,651,363	103,251,675
Other comprehensive income		-	-
Total comprehensive income		91,651,363	103,251,675
(Transferred to statement of changes in equity)			

These financial statements should be read in conjunction with the annexed notes.


Director


Director


Head of Finance

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Dated : 08 MAY 2017
Dhaka


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Chartered Accountants



Pidilite Speciality Chemicals Bangladesh Private Ltd.
Statement of changes in equity
For the year ended 31 March 2017

Particulars	<i>Amount in Taka</i>			
	Share capital	Share money deposits	Retained earnings	Total
Balance as at 01 April 2015	352,677,300	17,337	62,496,540	415,191,177
Addition during the year	-	-	103,251,675	103,251,675
Balance as at 31 March 2016	352,677,300	17,337	165,748,215	518,442,852
Balance as at 01 April 2016	352,677,300	17,337	165,748,215	518,442,852
Addition during the year	-	-	91,651,363	91,651,363
Interim dividend		Note # 25	-	-
			(40,557,890)	(40,557,890)
Balance as at 31 March 2017	352,677,300	17,337	216,841,687	569,536,325

These financial statements should be read in conjunction with the annexed notes.


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 Head of Finance

Signed in terms of our separate report of even date annexed

Dated : 08 MAY 2017
 Dhaka


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 Chartered Accountants



Pidilite Speciality Chemicals Bangladesh Private Ltd.
Statement of cash flows
For the year ended 31 March 2017

	Amount in Taka	
	2016 - 2017	2015 - 2016
A. Cash flows from operating activities		
Collection from sales	906,576,463	808,907,926
Payment to suppliers	(463,733,739)	(498,785,663)
Payment for expenses	(271,645,840)	(205,631,503)
Income tax paid	(72,499,774)	(17,685,678)
Net cash generated from operating activities	98,697,109	86,805,082
B. Cash flows from investing activities:		
Acquisition of fixed assets	(18,111,702)	(21,208,269)
Proceeds from sale of fixed assets	-	338,000
Investment in FDR	110,000,000	(70,000,000)
Interest received	1,076,788	2,599,557
Capital work-in-progress	(147,425,022)	(4,419,949)
Net cash used in investing activities	(54,459,935)	(92,690,660)
C. Cash flows from financing activities:		
Interest paid	(1,509)	(11,671)
Interim dividend paid	(40,557,890)	-
Net cash used in financing activities	(40,559,399)	(11,671)
Net changes in cash and bank balances (A+B+C)	3,677,775	(5,897,250)
Add: Cash and bank balances at the beginning of the year	12,902,119	18,799,369
Cash and bank balances at the end of the year	16,579,894	12,902,119

These financial statements should be read in conjunction with the annexed notes.



Director


Director


Head of Finance

Signed in terms of our separate report of even date annexed

Dated : 08 MAY 2017
Dhaka


Ahmed Mashuque & Co.
Chartered Accountants



Pidilite Speciality Chemicals Bangladesh Private Ltd.
Notes, comprising significant accounting policies and other explanatory information
As at and for the year ended 31 March 2017

1 Company profile

1.01 Legal form

Pidilite Speciality Chemicals Bangladesh Private Ltd. incorporated in Bangladesh as a private limited company on 29th December 2005 having registered office at House#167, Road#3, New DOHS, Mohakhali, Dhaka vide registration no. C-60121 (2129)/05.

1.02 Nature of business

The objectives of the Company include manufacturing and marketing of all kinds of dyes and other colouring materials, chemicals and chemical compounds, adhesives, etc. and selling those in Bangladesh as well as exporting to other countries. The company commenced its commercial production from October 2009. Besides, the company is also engaged in commercial import and trading of adhesives, colouring materials and allied products since December 2012.

2 Basis of preparation

2.01 Statement of compliance

The financial statements have been prepared in compliance with Bangladesh Financial Reporting Standards (BFRS) and the requirements of the Companies Act, 1994 and other relevant local laws and regulations as applicable. BFRS comprise of

- Bangladesh Financial Reporting Standards (BFRS);
- Bangladesh Accounting Standards (BAS); and
- Interpretations.

The titles and format of these financial statements follow the requirements of BFRS which are to some extent different from the requirements of the Companies Act, 1994. However, such differences are not material and in the view of management BFRS title gives better presentation to the shareholders.

2.02 Reporting period

The financial year of the company has been determined to be from 01 April to 31 March each year. These financial statements cover period from 01 April 2016 to 31 March 2017 consistently.

2.03 Basis of accounting

The financial statements have been prepared under the accrual basis of accounting.

2.04 Going concern

As per management assessment the company had adequate resources to continue in operation for foreseeable future and there is no material uncertainties related to event on conditions which may cast significant doubt upon the company's ability to continue as going concern, and hence, the financial statements have been prepared on going concern basis.

2.05 Basis of measurement

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

2.06 Date of authorisation for issue of financial statements

The Board of Directors has authorised these financial statements on 08 MAY 2017.

2.07 Directors' responsibility statement

The Board of Directors takes the responsibility for the preparation and fair presentation of these financial statements.



2.08 Use of estimates and judgments

The preparation of the financial statements in conformity with Bangladesh Financial Reporting Standards (BFRS) requires management to make judgment, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual result may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

Judgements

Information about judgments made in applying accounting policies that have most significant effect on the amount recognized in the financial statements is included in the following notes:

- Note 3.01 Property, plant and equipment
- Note 3.02 Inventories

Assumption and estimation uncertainties

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year is included in the following notes:

- Note - 14 Employee benefits expenses payable
- Note - 15 Provision for expenses
- Note - 16 Current tax liability

2.09 Functional and presentation currency

These financial statements are presented in Bangladesh currency (Taka), which is both functional currency and presentation currency of the company. All amount have been rounded off to the nearest Taka unless otherwise indicated.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.01 Property, plant and equipment

a) Recognition and measurement

Property, plant and equipment are stated at cost net of accumulated depreciation. Cost of an item of property, plant and equipment comprises its net purchase price after deducting trade discount and rebates, import duties, non refundable taxes and any cost that are directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the intended manner.

b) Subsequent cost

The cost of replacing component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits are embodied within the component will flow to the company and its cost can be measured reliably. The costs of the day to day servicing of property, plant and equipment are recognized in the statement of profit or loss and other comprehensive income as incurred.



c) Depreciation

Depreciation on assets is charged from the month in which the asset is brought into use irrespective the date of acquisition under straight-line basis at the following rates:

<u>Assets Category</u>	<u>Rate</u>
Machinery and Equipment	10%
Buildings	5%
Vehicles	20%
Computers	30%
Furniture and Fixtures	10%
Mechanical Office Equipment	10%
Laboratory Equipment	10%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

d) Disposal

On disposal of property, plant and equipment, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the statement of profit or loss and other comprehensive income, which is determined with reference to the net book value of the assets and net sales proceeds.

3.02 Inventories

Inventories are valued in accordance with BAS-2 : *Inventories* at lower of cost and net realizable value. Cost is determined at weighted average method. The cost of raw, packing and semi finished goods comprises of expenditure incurred in the normal course of business in bringing these items to their present location and condition. The cost of finished goods comprises of cost of raw materials, direct labour and production related overheads (based on normal capacity). Net realizable value is based on estimated selling price less any further costs expected to be incurred to make the sales.

3.03 Provisions

A provision is recognised in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the statement of financial position date.

3.04 Taxation

Income tax expenses comprises current and deferred tax . Current tax and deferred tax is recognised in profit or loss except to the extent that its relates to items recognised directly in equity in which case it is recognized in equity.

Current tax

As per SRO no 172 - Law/Income Tax/2009 dated 30 June 2009, the company is entitled to pay tax at the reduced rate on income of manufacturing operations, prescribed in the said SRO, and accordingly Pidilite Speciality Chemicals Bangladesh Private Ltd. is enjoying this benefit from the assessment year 2010-2011. This benefit was ceased on 30 September 2014. However, during the year ended on 31 March 2017 applicable income tax rate on income of manufacturing operations was 35%. Further, the Industrial unit is subject to tax at normal rate less Tax rebate @ 10% as per Para-1 of the S.R.O. 185-law/income tax/2014 dated 01 July 2014 of the Internal Resources Division, Ministry of Finance, Govt. of the People's Republic of Bangladesh as applicable.

Furthermore, income tax on other income, interest income and income from trading of imported goods has been recognized as per the Income Tax Ordinance, 1984.



Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purpose and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that effects neither accounting nor taxable profit or loss.
- temporary differences related to investment in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future, and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.05 Revenue recognition

(a) Sales of goods

Sales are recognized after confirmation of delivery to the buyer's, when risk and reward of ownership of goods are transferred to the buyer. Sales are stated net of returns and excluding VAT.

(b) Interest income

Interest income is recognized on accrual basis.

3.06 Statement of cash flows

Statement of cash flows is prepared in accordance with BAS-7 : *Cash Flow Statement* under direct method.

3.07 Employees' benefit schemes

The company maintains defined contribution plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective deeds.

(a) Defined contribution plan (provident fund)

The Company operates contributory provident fund for all its permanent employees, which is a defined contribution plan. The provident fund is administered by the Board of Trustee and is funded by contributions from employees and from the company @ 8.33% of the basic pay. These contributions are invested separately from the Company's business. This fund is recognized by National Board of Revenue.



(b) Employees' Retirement Gratuity

The company provides retirement benefit in the form of gratuity determined by reference to employees' earnings and years of service to each eligible employees at the time of retirement/separation. However, the provision has been made in respect of all eligible employees and reflected in these accompanying financial statements. At the time of separation, the liability to each employee is settled in cash. Actuary valuation of the gratuity plan is carried out by a professional actuary.

(c) Workers' profit participation fund (WPPF)

The Company provides 5% of its profit before charging such expense as WPPF in accordance with the Bangladesh Labour Act, 2006.

(d) Insurance Scheme

The company has a group life and hospitalisation insurance scheme for its permanent employees, premium for which is being charged to Statement of profit or loss and other comprehensive income annually as per the insurance policy.

(e) Leave encashment

Permanent employees of the company are entitled to receive leave encashment on unveiled earned leave at the time of retirement/separation.

3.08 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The company initially recognises receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the date at which the company becomes a party to the contractual provisions of the transaction.

The company derecognises a financial asset when the contractual rights or probabilities of receiving the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount presented in the Statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The company classifies financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

● **Accounts receivable**

Accounts receivable is stated net of provisions, if any.

● **Cash and bank balances**

Cash and bank balances consist cash in hand, bank deposits, which were held and available for use of the company without any restriction.

● **Investment in FDR**

The company has the positive intent and ability to hold FDR to maturity, and such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.



- **Advances, deposits and prepayments**

- Advances

- Advances are initially measured at cost. After initial recognition, advances are carried at cost less deduction, adjustment.

- Deposits

- Deposits measured at cost value.

- Prepayments

- Prepayments are initially measured at cost. After initial recognition, Prepayments are carried at cost less charges to Statement of profit or loss and other comprehensive income.

Financial liability

The company initially recognises all financial liabilities on the transaction date at which the company becomes a party to the contractual provisions of the liability.

The company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

- **Trade and other payables**

- Trade and other payables and other financial liabilities are recognized when contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the company of resources embodying economic benefits.

3.09 Interest income and expenses

Interest income comprises interest income on investment in FDR. Interest expenses comprise interest expense on borrowings from bank.

3.10 Offsetting

Financial assets and liabilities are offset and net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amounts and the company intends to either to settle on the net basis, or to realize the assets and to settle the liabilities simultaneously.

3.11 Materiality and aggregation

Each material class of similar items present separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

3.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net off any tax effects.

Paid up capital represents total amount of shareholders capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time.

3.13 Earning per share

The Company calculates its earnings per share in accordance with BAS 33: *Earning per share* .

Basic earnings

This represents earnings for the year attributable to ordinary shareholders. As there were no preference shares requiring returns or dividends, minority interest or extraordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

Basic earnings per share

This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share

No diluted EPS is required to be calculated for the year as there was no scope for dilution during the year under review.



3.14 Events after the reporting date

In accordance with BAS 10: *Events after the reporting period*, amount recognized in the financial statements are adjusted for event after the reporting period that provide additional evidence of conditions that existed at the end of the reporting period. No adjustment is given in the financial statements for event after the reporting period that are indicative of conditions that arose after the reporting period. Material non-adjusting events are disclosed in the financial statements.

3.15 Transactions in foreign currencies

Transactions denominated in foreign currencies are translated into Bangladesh taka at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Bangladesh taka at the exchange rates ruling at the statement of financial position date. Non monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into Bangladesh taka at the exchange rate ruling at the date of the transaction. Foreign exchange differences arising on translation are recognized in the statement of profit or loss and other comprehensive income. This rates are as follows:

Currencies	Closing rate as at	
	31-Mar-17	31-Mar-16
BDT/USD	80.60	78.95

4 Comparative information

Comparative figures have been regrouped /reclassified wherever found necessary to conform to the presentation adopted in these financial statements.

Previous year's figure has been re-arranged whenever considered necessary to ensure comparability with the current year's presentation as per BAS 8: *Accounting policies, Changes in Accounting Estimates and Errors*.



5 Property, plant and equipment

Asset Category	Gross Block (Cost)				Depreciation				Net Block at 31 March 2017
	As at 01 April 2016	Addition during the year	Disposal/Adjustment	As at 31 March 2017	As at 01 April 2016	Charged during the year	Disposal/Adjustment	As at 31 March 2017	
Freehold land	22,230,000	-	-	22,230,000	-	-	-	-	22,230,000
Buildings	111,363,212	-	-	111,363,212	30,555,518	5,567,310	-	36,122,828	75,240,384
Vehicles	850,000	-	-	850,000	850,000	-	-	850,000	-
Machinery and equipment	210,744,623	17,675,813	-	228,420,436	104,153,384	22,443,150	-	126,596,534	101,823,901
Computers	5,380,117	256,957	-	5,637,074	4,470,249	468,088	-	4,938,336	698,738
Furniture and fixtures	7,243,403	112,070	-	7,355,473	2,781,827	735,536	-	3,517,363	3,838,110
Mechanical office equipment	3,534,424	66,862	-	3,601,286	1,550,682	356,920	-	1,907,601	1,693,685
Laboratory equipment	8,172,494	-	-	8,172,494	4,120,305	817,251	-	4,937,556	3,234,938
As at 31 March 2017	369,518,274	18,111,702	-	387,629,976	148,481,964	30,388,255	-	178,870,224	208,759,752

Asset Category	Gross Block (Cost)				Depreciation				Net Block at 31 March 2016
	As at 01 April 2015	Addition during the year	Disposal/Adjustment	As at 31 March 2016	As at 01 April 2015	Charged during the year	Disposal/Adjustment	As at 31 March 2016	
Freehold land	22,230,000	-	-	22,230,000	-	-	-	-	22,230,000
Buildings	110,398,796	964,416	-	111,363,212	24,987,623	5,567,895	-	30,555,518	80,807,695
Vehicles	1,720,000	-	870,000	850,000	1,694,000	10,000	854,000	850,000	-
Machinery and equipment	193,326,497	17,418,126	-	210,744,623	83,651,909	20,501,475	-	104,153,384	106,591,239
Computers	4,587,218	836,267	-	5,380,117	3,879,829	615,357	-	4,470,249	909,868
Furniture and fixtures	5,793,584	1,449,819	-	7,243,403	2,154,141	627,686	-	2,781,827	4,461,576
Mechanical office equipment	2,994,784	539,640	-	3,534,424	1,227,669	323,013	-	1,550,682	1,983,742
Laboratory equipment	8,172,494	-	-	8,172,494	3,303,056	817,249	-	4,120,305	4,052,189
As at 31 March 2016	349,223,373	21,208,269	913,368	369,518,274	120,898,226	28,462,675	878,937	148,481,964	221,036,310



	Amount in Taka	
	31-Mar-17	31-Mar-16
6 Capital work-in-progress		
Machinery and equipment	1,219,761	14,994,481
Land	161,495,544	295,802
Software	250,000	250,000
	162,965,305	15,540,283

These expenditures will be capitalized and recognized as operating assets upon completion of the acquisition process or construction, where applicable and physical possession thereof.

7 Inventories		
Raw materials	34,894,102	41,735,467
Packing materials	7,721,096	9,917,812
Work in progress	781,152	1,132,164
Manufactured finished goods	40,344,613	43,578,435
Imported finished goods	21,419,691	25,496,391
Imported raw material in transit	13,056,811	3,596,333
Imported finished goods in transit	12,968,902	17,520,627
Provision for damage goods		
Raw materials and Packing materials	(918,381)	(984,293)
Finished goods	(11,075,068)	(1,154,039)
	119,192,918	140,838,898

8 Accounts receivable		
Secured accounts receivable	5,450,107	928,273
Unsecured accounts receivable	135,752,399	89,757,061
Provision for bad debts	(3,423,215)	(224,467)
	137,779,291	90,460,867

9 Cash and bank balances		
Cash in hand	210,009	118,861
Cash at bank:		
The Hongkong and Shanghai Banking Corporation Limited	8,733	361,316
Standard Chartered Bank (Note # 9.01)	5,675,594	10,946,570
Citibank N.A	10,685,558	1,475,372
	16,579,894	12,902,119

9.01 Bank Facility : Standard Chartered Bank

- **Limit**

Total aggregate limit of import LCs, short term loan, bond and guarantees and bank overdraft is Tk. 160 million.

- **Purpose**

Working capital

- **Rate of interest**

Rate of Interest has been varied from 10% to 11% depending on the money market and inter relationship

- **Nature of security**

Demand promissory note and letter of continuity for Tk. 160 million; and Registered hypothecation over stock, book debts and plant and machineries.

10 Advances, deposits and prepayments

Advances

Advance against service	45,771	45,771
Advance to employees	2,846,575	593,330
Advance to supplier	1,049,185	2,779,926
VAT current account	7,919,658	11,076,705

Deposits

Time deposit (Note # 10.01)	558,353	554,856
Import deposit	4,500,056	1,717,956

Prepayments

Office rent	853,125	423,000
Warehouse rent	937,500	1,687,500
Insurance	3,652,073	3,179,179
Other prepaid and deferred expense for materials	3,115,344	1,467,838
	25,477,641	23,526,061



		Amount in Taka	
		31-Mar-17	31-Mar-16
10.01 Time deposit			
	Security deposit to Titas Gas T&D Co. Ltd.	298,353	294,856
	Security deposit to Dhaka Electric Supply Authority(DESA)	240,000	240,000
	Security deposit to Linde BD.	20,000	20,000
		558,353	554,856
11 Share capital			
Authorized			
	50,00,000 ordinary shares of Taka 100 each	500,000,000	500,000,000
Issued, subscribed and paid-up			
	3,526,773 ordinary shares of Taka 100 each	352,677,300	352,677,300
Shareholding position of the company is as follows :			
	Pidilite International Pte. Ltd (Singapore)	349,150,500	349,150,500
	Pidilite Middle East Ltd (United Arab Emirates)	3,526,800	3,526,800
		352,677,300	352,677,300
12 Share money deposits			
	Pidilite International Pte. Ltd (Singapore)	57	57
	Pidilite Middle East Ltd (United Arab Emirates)	17,280	17,280
		17,337	17,337
13 Deferred tax liabilities			
Deferred tax has been recognised and measured in accordance with the provision of BAS 12: <i>Income taxes</i> .			
Deferred tax arrived at as follows:			
	Carrying amount as at 31 March 2017	Tax base as at 31 March 2017	Taxable/ (deductible) Temporary difference
Property, plant and equipment			
Factory buildings	74,372,144	24,436,104	49,936,041
Vehicles	-	182,459	(182,459)
Machinery and equipment	101,756,156	71,126,321	30,629,835
Computers	607,175	995,123	(387,948)
Furniture and fixtures	3,758,891	4,243,091	(484,200)
Mechanical office equipment	1,598,705	1,133,742	464,963
Laboratory equipment	3,234,938	1,941,716	1,293,222
	185,328,009	104,058,555	81,269,454
Provision for doubtful debts	-	3,423,215	(3,423,215)
Net temporary difference			77,846,239
Income Tax rate			35%
Deferred tax liability/ expense on temporary difference			27,246,184
Change in deferred tax assets and liability			
Opening balance		29,986,574	28,269,914
Provision made during the year		(2,740,390)	1,716,660
		27,246,184	29,986,574
14 Employee benefits expenses payable			
Employees' Retirement Gratuity (Note # 14.01)		-	-
Workers' Profit Participation and Welfare Fund		6,933,847	7,894,396
Wages		239,038	288,758
Salary allowances		9,719,761	7,779,411
		16,892,646	15,962,565



Amount in Taka

31-Mar-17 31-Mar-16

14.01 Employees' Retirement Gratuity

Present value of defined benefit obligation
Fair value of plan assets

18,546,620	10,961,801
(18,546,620)	(10,961,801)
-	-

Movement in the present value of the defined benefit obligation are as follows

Opening balance	10,961,801	5,725,779
Current service cost	2,379,347	655,345
Past service cost	5,424,992	
Interest cost	1,192,381	670,396
Actuarial loss	636,848	2,139,623
Benefits paid during the year	(2,048,749)	-
Inter group transfer	-	1,770,658
18,546,620	10,961,801	

Movement in the fair value of the plan assets are as follows

Opening balance	10,961,801	-
Contributions from employer	9,398,779	9,116,029
Return on plan assets	234,788	75,114
Benefits paid during the year	(2,048,748)	-
Inter group transfer	-	1,770,658
18,546,620	10,961,801	

Financial assumptions employed for the valuations are as follows

	%	%
Expected rate of salary increase	9.00	9.00
Discount rate	11.30	11.40

15 Provision for expenses

Professional fees	184,000	359,307
Security service	107,223	103,778
Utilities	188,833	166,666
Cleaning expenses-factory	29,358	25,520
Sales promotion	19,038,672	17,553,779
Advertisement and promotional material	8,214,725	582,424
Sales agent expenses	772,095	958,586
Travelling and conveyance	1,054,998	1,165,313
Audit fees	206,000	144,200
Freight Outward	2,510,581	-
Petrol & Oil	257,000	-
Telephone	93,000	-
Consumables materials	329,740	111,262
Withholding income tax & VAT payable	381,599	318,757
Liability for other expenses	459,924	325,432
33,827,748	21,815,024	



		Amount in Taka	
		31-Mar-17	31-Mar-16
16 Current tax liability			
Provision for income tax	(Note # 16.01)	50,470,412	53,057,936
Advance income tax	(Note # 16.02)	(49,303,620)	(29,157,344)
		1,166,792	23,900,592
16.01 Provision for income tax			
Opening balance		53,057,936	18,579,814
Provision made during the year		49,765,974	52,919,591
Less: Adjustment during the year		(52,353,498)	(18,441,469)
		50,470,412	53,057,936
16.02 Advance income tax			
Opening Balance		29,157,344	29,913,135
Add: Addition during the year		72,499,774	17,685,678
Less: Adjustment during the year		(52,353,498)	(18,441,469)
		49,303,620	29,157,344
17 Accounts payables			
Akros Trading Co., Ltd.		4,674,800	-
Akram Chemical Traders		-	50,043
Al-Madina Plastic		163,845	-
Ata Husain Khan Limited.		599,429	-
Ahmed Mashuque & Co.		127,300	46,300
Care Packages Industry		1,811,816	730,467
Comilla Plastic Industry		131,721	-
Creative Packaging Industry		1,327,278	1,085,618
Dhaka Metal Box		438,855	367,104
Fair Deal-Expenses		3,161,451	258,915
G.Mamuji Packaging Industries Pvt. Ltd.		-	479,985
Ghorashal Containers Ltd.		220,127	169,151
Ghorashal Multilayer Plastic Packaging Ltd.		-	278,874
Henan Harvest International Co., Ltd.		-	3,335,183
I Positive Communications Ltd.		46,805	-
I R Limited		3,093,608	2,656,260
Innovative Trading Corporation		324,000	-
Juthi Enterprise		1,208,790	253,701
K. S. Printing & Packaging		77,605	37,260
Link3 Technologies Ltd.		36,075	36,075
Masud Glass House		115,633	106,211
Movilink		-	317,600
Nur-E-Midina Transport Agency		345,221	-
One Travels		41,039	-
Padma Cans And Closures Ltd.		385,214	272,568
Padma Lamitube Ltd.		551,088	380,731
Pidilite Industries Ltd.		36,651,032	33,298,576
Pragati Insurance Ltd.		-	85,735
Q Pail Limited		775,697	-
Rak Security Services		-	29,843
Ruhani International Agency Ltd.		-	8,471
Ruhani Int'L Agency Ltd.		27,805	-
Rupali Rent-A-Car		52,900	49,450
S. R. Parcel Services Ltd.		308,746	3,839
Speciality Organice Private Ltd.		98,405	-
Yug International Private Limited.		5,335,785	-
Z. R. Enterprise		79,148	80,335
		62,211,219	44,418,294



	Amount in taka	
	2016 - 2017	2015 - 2016
18 Sales - net of VAT		
Local sales	736,821,789	652,152,498
Export sales	14,765,618	3,265,385
Sale of imported finished goods	199,283,704	202,733,026
	950,871,111	858,150,910
19 Other Income		
Gain on sale of assets	-	303,569
Gain from product application	302,220	-
Sale of scrap	2,721,554	2,621,490
	3,023,774	2,925,059
20 Cost of materials		
Raw materials consumed (Note 20.01)	239,059,589	225,649,982
Packing materials consumed (Note 20.02)	110,961,860	105,443,405
Cost of imported finished goods (Note 20.03)	140,252,487	150,549,152
Opening work-in-progress	1,132,164	831,384
Opening finished goods	43,578,435	24,347,704
Closing work-in-progress	(781,152)	(1,132,164)
Closing finished goods	(40,344,613)	(43,578,435)
Damage and obsolete materials	9,313,874	3,557,630
Cost of production	503,172,644	465,668,657
20.01 Raw materials consumed		
Opening stock	41,735,467	28,299,628
Add: Purchase during the year	232,218,224	239,085,821
Less: Closing stock	34,894,102	41,735,467
	239,059,589	225,649,982
20.02 Packing materials consumed		
Opening stock	9,917,812	7,873,438
Add: Purchase during the year	108,765,144	107,487,779
Less: Closing stock	7,721,096	9,917,812
	110,961,860	105,443,405
20.03 Cost of imported finished goods		
Opening stock	25,496,391	25,364,692
Add: Purchase during the year	136,175,787	150,680,850
Less: Closing stock	21,419,691	25,496,391
	140,252,487	150,549,152
21 Operating expenses		
Travelling and conveyance	120,090	158,700
Rent others - bus rental	1,797,325	1,686,725
Repairs and maintenance	1,619,219	1,583,983
Consumable materials	1,338,121	1,411,198
Conventions, seminars and company meetings expense	244,866	207,311
Fuel and petrol	687,161	659,408
Stationery and office supplies	271,339	201,763
Security service charges	1,293,906	1,240,987
Cleaning expenses	349,284	331,331
Telephone and fax	145,452	148,171
Internet expenses	124,412	145,926
Electricity charges	2,507,288	2,465,262
Gas charges	544,775	491,936
Entertainment	624,196	580,354
Insurance	3,215,771	2,928,803
Testing & certification expenses	32,430	46,025
Office maintenance & supplies	313,131	138,600
	15,228,766	14,426,483



Amount in taka

22 Administrative expenses

	2016 - 2017	2015 - 2016
Business interruption insurance	1,422,565	1,087,076
Recruitment expenses	5,100	120,100
Travelling and conveyance	1,291,037	1,118,559
Security service charges	338,635	-
Overseas travelling	158,119	-
Office rent	1,634,685	1,434,440
Rent others - bus rental	884,599	122,000
Repairs and maintenance	115,215	63,964
Fuel and petrol	1,158,028	936,741
License, registration & membership	855,051	482,327
Audit fees	206,000	144,200
Audit fees for PF, GF & WPPF	69,000	69,000
Professional fees	2,012,437	836,189
Stationeries	299,311	360,527
Postage	290,183	250,224
Telephone and fax	216,910	194,644
Internet expenses	150,449	131,710
Data processing services charges	1,328,793	1,316,628
Electricity bill	143,334	85,597
Books and periodicals	17,954	11,410
Vehicles insurance	15,196	26,315
Royalty and Technical know-how fees (Note# 21.01)	18,440,497	16,256,858
Land tax & rates	7,480	2,314
Entertainment	715,570	509,408
Bank charges	689,329	559,729
Office maintenance & supplies	744,490	561,999
Bad debts	3,198,748	224,467
	36,408,715	26,906,426

22.01 Royalty

Local Sales	736,821,789	652,152,498
Export sales	14,765,618	3,265,385
Net revenue for royalty purposes	751,587,407	655,417,884
Royalty @ 2.5% on the net revenue	18,789,685	13,108,358
Less : Adjustment	(349,188)	-
Net Royalty and Technical know-how fees expenses	18,440,497	13,108,358

Adjustment of Tk. 349,188 is VAT @ 15% on royalty and Technical know-how fees paid on Tk. 1,543,918 and Tk. 784,000 for the year ended 31 March 2013. The company is entitled to get rebate on VAT paid against royalty and Technical know-how fees as it is inputs. But the Customs, Excise and VAT authority disallowed the VAT rebate by written order. Accordingly, the company reversed the rebate and charged as expenses as well as filed appeal against the order. After legal proceedings during the year final judgment declared in favor of the company and the VAT rebate adjusted accordingly.



Amount in taka

	2016 - 2017	2015 - 2016
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23 Selling and distributing expenses

Sample expense	381,211	222,363
Convention and exhibit expense	9,889,888	4,877,197
Bill board	2,356,650	2,928,282
Press advertising	1,605,575	616,200
TV & radio advertising	6,329,425	5,498,982
Sales promotion expenses	35,467,780	28,814,700
Promotional items	8,377,900	-
Warehouse rent	2,245,476	2,365,317
Literature and promotional materials	6,768,480	3,249,827
Delivery expenses	16,274,123	13,048,050
Insurance	437,716	486,217
Repairs and maintenance	-	53,400
Postage	100,095	103,643
Travelling and conveyance	13,336,268	9,602,946
Overseas travelling	720,507	-
Seminars and company meetings expense	1,590,948	800,058
Telephone and fax	925,928	604,793
Sales agents expenses	17,045,623	15,499,444
Electricity	61,687	52,386
Security service charges	343,009	333,714
Internet	120,478	132,715
Fuel and petrol	1,066,218	547,032
	125,444,985	89,837,267

24 Employee benefits expenses

Salary and allowances	84,252,090	64,106,032
Wages	3,665,083	3,843,377
Employees' Retirement Gratuity	9,398,779	3,390,250
Group insurance	1,209,300	940,655
Workers' Profit Participation and Welfare Fund	6,933,847	7,894,396
Employee training	95,500	114,859
	105,554,599	80,289,569

25 Interim dividend

	40,557,890	-
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The Board of Directors declared an interim cash dividend based on half year ended 30 September 2016 of Taka 11.50/- per share on face value of Taka 100/-.

26 Basic earnings per share (EPS)

Profit after tax	91,651,363	103,251,675
Number of shares	3,526,773	3,526,773
Basic EPS	25.99	29.28

27 Particulars of employee*Nationality:*

Bangladeshi	107	94
Non-Bangladeshi	2	3
	109	97

Salary range:

Monthly Taka 3,000 or above	109	97
Monthly below Taka 3,000	-	-
	109	97



28 Related party transaction

During the year the company carried out a number of transactions with related parties in the normal course of business. Names of those related parties, Nature of those transactions and their total value have been set out in accordance with the provisions of BAS24: *Related Party Disclosure*.

Name of the related party transaction	Nature of transaction	Relationship	Transaction during the year		Amount due/(receivable) as at 31 March 2016
			Transaction value	Amount due/(receivable)	
Pidilite Industries Ltd., India	Purchase of raw and packing	Parent company through wholly owned subsidiaries	53,090,954	12,757,945	2,691,012
	Purchase of finished goods		97,550,637	3,832,632	13,065,016
	Technical fee		-	-	3,148,500
	Royalties		18,789,685	18,789,685	13,108,358
	Expenses against service		1,274,471	1,270,770	1,285,691
Pidilite International Pte. Ltd, Singapore	Dividend	Parent company	40,152,308	-	-
Pidilite Middle East Ltd, United Arab Emirates	Dividend	Shareholder	405,582	-	-
Pidilite Lanka (Private) Limited, Sri Lanka	Sale of finished goods	Subsidiaries of Parent company through wholly owned subsidiaries	1,308,442	(324,311)	(928,273)

29 Capital expenditure commitment

There is no such commitment as at 31 March 2017.

30 Subsequent events

There is no other event identified after the statement of financial position date which might be material.



31.00 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The company has exposure to the following risks from its use of financial instruments:

- Credit risks
- Liquidity risks
- Market risk
- **Credit risk**

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis.

In monitoring credit risk, debtors are grouped according to their risk profile, *i.e.* their legal status, financial condition, ageing profile etc. Accounts and other receivables are mainly related to the Company's buyers. The company's exposure to credit risk on accounts receivables is mainly influenced by the individual payment characteristics of credit purchaser. Credit risk does not arise in respect of any other receivables.

a) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Amount in taka	
	As at 31 March 2017	As at 31 March 2016
Accounts receivables	137,779,291	90,460,867
Investment in FDR	40,000,000	150,000,000
Interest and other receivable	126,112	221,362
Advances, deposits and prepayments (except receivable from Govt.)	17,557,983	12,449,356
Bank balances(except cash in hand)Note # 9	16,369,885	12,783,258
	211,833,271	265,914,842

b) Ageing of accounts receivables

The aging of the gross account receivable at the reporting date was:

Due below six months	137,739,190	90,053,898
Due over six months	3,463,316	631,436
	141,202,506	90,685,334

• Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities. The Company's approach to managing liquidity (cash and bank balances) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses.

Typically, the Company ensures that it has sufficient cash and bank balances to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, based on time line of payment of the financial obligation and accordingly arranging for sufficient liquidity/fund to make the expected payment within due date.

In extreme stressed conditions, the Company may get support from the shareholders in the form of shareholder's loan/capital contribution.



The following are the contractual maturities of financial liabilities :

As at 31 March 2017					
Current liabilities	Carrying amount	Contractual cash flows	3 months or less	3-6 months	6-12 months
Employee benefits expenses payable	16,892,646	(16,892,646)	(16,892,646)	-	-
Provision for expenses	33,827,748	(33,827,748)	(33,827,748)	-	-
Current tax liabilities	1,166,792	(1,166,792)	-	-	(1,166,792)
Accounts payables	62,211,219	(62,211,219)	(62,211,219)	-	-
	114,098,405	(114,098,405)	(112,931,613)	-	(1,166,792)

As at 31 March 2016					
Current liabilities	Carrying amount	Contractual cash flows	3 months or less	3-6 months	6-12 months
Employee benefits expenses payable	15,962,565	(15,962,565)	(15,962,565)	-	-
Provision for expenses	21,815,024	(21,815,024)	(21,815,024)	-	-
Current tax liabilities	23,900,592	(23,900,592)	-	(23,900,592)	-
Accounts payables	44,418,294	(44,418,294)	(44,418,294)	-	-
	106,096,475	(106,096,475)	(82,195,883)	(23,900,592)	-

• **Market risk**

Market risk is the risk that any change in market conditions, such as foreign exchange rates, interest rates and commodity prices that will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable level.

Currency risk

Transaction risk

Transaction risk arises from risk of adverse exchange rate movements occurring in the course of normal international transaction.

Interest rate risk

Interest rate risk arises from movement in interest rates. The company needs to manage interest rate risk so as to be able to repay debts as they fall due and to minimise the risks surrounding interest payments and receipts.

32.00 Operating leases - Leases as lessee

The company usually leases office premises and warehouse. The leases typically run for a period of years as mentioned in the lease agreements, with an option to renew the lease after that date.

During the period an amount of Taka 3,880,161 was recognised as an expense in statement of profit or loss and other comprehensive income in respect of operating leases which is as follows:

	Amount in Taka	
	2016 - 2017	2015 - 2016
Office rent	1,634,685	1,434,440
Warehouse rent	2,245,476	2,365,317
	3,880,161	3,799,757



33.00 Foreign currency exposures that are not hedged by a derivative Instrument are given below:

Particulars	Currency	Convertible amount as at			
		31-Mar-17		31-Mar-16	
		Foreign currency	Equivalent BDT	Foreign currency	Equivalent BDT
Accounts receivable	USD	67,619	5,450,107	11,758	928,273
Accounts payables	USD	58,000	4,674,800	470,092	37,113,743

34.00 Contingent Liability

For Income Tax : The company has filed an appeal at Tax Appellate Tribunal against the order of the Deputy Commissioner of Taxes / Commissioner of Taxes (Appeal). For the AY 2013-14, the authorities have raised a claim of Tk. 8,926,717.00.

For VAT : The company has filed appeal at Appellate Tribunal, Customs Excise and VAT, against the order of the Commissioner (Appeal) on the matter of cancellation of VAT Rebate of Tk. 412,669.24 for the financial year 2013-2014.

The company's management feels that it has strong and fair grounds for having the judgment in their favour and accordingly the company has not provided for the above.

