

# **KHANNA & PANCHMIA**

## **CHARTERED ACCOUNTANTS**

303/304, Shyam Kamal "D", Tejpal Road, Vile Parle East, Mumbai-400 057

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### **INDEPENDENT AUDITORS' REPORT**

#### **Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of **Pidilite Chemicals PLC** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2021 and the Statement of Profit and Loss for the year then ended and a summary of the significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the relevant law 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.

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## **Auditor's Responsibility**

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing. 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 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 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 31<sup>st</sup> March, 2021 and its Loss for the year ended on that date.

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

1. 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 have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet and Statement of Profit and Loss 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 generally accepted in India.

### **For Khanna & Panchmia**

Chartered Accountants

Firm Reg. No. 136041W

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**Ketan Panchmia**

Partner

Membership No. 038985

Date: 03<sup>rd</sup> May 2021

Place: Mumbai

UDIN No.: 21038985AAAAOS7480

**Pidilite Chemical PLC**  
**Balance Sheet as at 31 March 2021**

Particulars	Notes	April 20- March 21	April 19- March 20
		BIRR	BIRR
<b>ASSETS</b>			
<b>1. Non-current assets</b>			
Property, Plant and Equipment	1	13,983,761	14,249,303
Capital work-in-progress	2	3,801,311	3,801,311
		<b>17,785,072</b>	<b>18,050,614</b>
		<b>17,785,072</b>	<b>18,050,614</b>
<b>2. Current Assets</b>			
Financial Assets (Current)			
Trade receivables	3	-	121,024
Cash and cash equivalents	4	814,088	916,831
Loans	5	6,728	8,272
		<b>820,816</b>	<b>1,046,127</b>
Other Non - current assets	6	688	688
		<b>821,504</b>	<b>1,046,815</b>
<b>TOTAL ASSETS</b>		<b>18,606,576</b>	<b>19,097,429</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	7	17,894,500	15,742,390
(b) Reserve & Surplus	8	(12,676,188)	(9,984,892)
<b>Total Equity</b>		<b>5,218,312</b>	<b>5,757,498</b>
<b>LIABILITIES</b>			
<b>1. Non-current liabilities</b>			
<b>(a) Financial Liabilities</b>			
Other financial liabilities	9	11,475,000	12,825,000
		<b>11,475,000</b>	<b>12,825,000</b>
<b>2. Current Liabilities</b>			
<b>(a) Financial Liabilities</b>			
Other financial liabilities	10	1,911,643	511,213
		<b>1,911,643</b>	<b>511,213</b>
Other current liabilities	11	1,621	3,719
		<b>1,913,264</b>	<b>514,932</b>
<b>Total Liabilities</b>		<b>13,388,264</b>	<b>13,339,932</b>
<b>TOTAL</b>		<b>18,606,576</b>	<b>19,097,429</b>

**Notes forming part of the Financial Statements**

**For KHANNA & PANCHMIA**  
**CHARTERED ACCOUNTANTS**

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**Ketan J Panchmia**

**PARTNER**

**Membership no. 38985**

**Dated: 03<sup>rd</sup> May 2021**

**For and on behalf of the board**  
**PIDILITE CHEMICAL PLC**

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**Pidilite Chemical PLC****Profit and Loss Account for the Year ended 31 March 2021**

Particulars	Note	April 20 - March 21	April 19 - March 20
		BIRR	BIRR
<b>INCOME</b>			
Other Income	12	192,662	63,410
<b>Total Income</b>		<b>192,662</b>	<b>63,410</b>
<b>EXPENSES</b>			
Employee Benefits Expense	13	1,909,860	2,600,155
Finance Costs	14	16,875	16,875
Depreciation and Amortization Expense	15	213,637	852,617
Other Expenses	16	850,205	1,332,264
<b>Total Expenses</b>		<b>2,990,577</b>	<b>4,801,910</b>
Reimbursement received		(106,619)	(581,698)
<b>Profit/(loss) before Exceptional Items and Tax</b>		<b>(2,691,296)</b>	<b>(4,156,802)</b>
<b>Profit before Tax</b>		<b>(2,691,296)</b>	<b>(4,156,802)</b>
<b>Profit/(loss) for the year</b>		<b>(2,691,296)</b>	<b>(4,156,802)</b>

Notes forming part of the Financial Statements

**For KHANNA & PANCHMIA  
CHARTERED ACCOUNTANTS**KETAN  
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PIDILITE CHEMICAL PLC**PRABHA  
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Date: 2021.05.03  
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PRABHAKAR JAIN  
Date: 2021.05.03  
18:20:49 +05'30'**Ketan J Panchmia**  
**PARTNER**  
**Membership no. 38985**  
Dated: 03<sup>rd</sup> May 2021

**Pidilite Chemical PLC**

**Cash flow statement for the year ended 31 March 2021**

Particulars	March -21	March -20
	BIRR	BIRR
<b>Cash from Operations</b>		
<b>Profit/(Loss) Before Tax</b>	(2,691,296)	(4,156,802)
Dividend declared out of Reserves		
<b>Net Profit after Tax</b>	<b>(2,691,296)</b>	<b>(4,156,802)</b>
<b>Add: Non cash expenses</b>		
Depreciation \ Amortisation	168,441	852,617
Finance costs recognised in profit or loss		
<b>Net cash Profit &amp; loss account</b>	<b>(2,522,855)</b>	<b>(3,304,186)</b>
<b>Movement in Working Capital</b>	<b>170,900</b>	<b>(21,842)</b>
<b>(Increase) \ Decrease in working capital</b>		
(Increase) / Decrease in Trade receivable	121,024	34,301
(Increase) / Decrease in Loans & Advances	1,544	3,583
Increase/(Decrease) in other current financial liabilities	1,400,430	
Increase/(Decrease) in other current non financial liabilities	(1,350,000)	
Increase/(Decrease) in other non current financial liabilities	(2,098)	
Increase / (Decrease) in Sundry Creditors		50,625
Increase / (Decrease) in Liabilities for expenses		(110,351)
<b>Net cash from operating activities</b>	<b>(2,351,955)</b>	<b>(3,326,028)</b>
<b>Cash from Investments</b>		
Purchase of Fixed Assets	97,102	(927,042)
<b>Net cash from investment activities</b>	<b>97,102</b>	<b>(927,042)</b>
<b>Cash from Financing</b>		
Infusion of equity share capital	2,152,110	3,209,590
<b>Net cash from financing activities</b>	<b>2,152,110</b>	<b>3,209,590</b>
<b>Net Inflow \ (Outflow) of cash in business</b>	<b>(102,743)</b>	<b>(1,043,480)</b>
Add : Opening cash balance	916,831	1,960,311
<b>Closing Cash Balance</b>	<b>814,088</b>	<b>916,831</b>
Actual cash balance as per books	<b>814,088</b>	<b>916,831</b>

**Pidilite Chemical PLC**

Notes to financials as at Year ended 31 March 2021.

**Property, plant and equipment Schedule**

<b>1 &amp; 2. Property, plant and equipment</b>	<b>Leasehold Land</b>	<b>Furniture fixtures &amp; Office Equipments</b>	<b>Capital work in progress</b>	<b>Total</b>
<b>Gross Block</b>				
Opening Balance	15,000,000	156,551	3,801,311	18,957,862
Additions				-
Disposals/Transfers	-	(97,102)		(97,102)
Translation adjustment	-			-
Closing Balance	15,000,000	59,449	3,801,311	18,860,760
<b>Accumulated Depreciation</b>				
Opening Balance	816,781	90,467	-	907,248
Depreciation expense	204,195	9,442	-	213,637
Disposals/Transfers	-	(45,196)	-	(45,196)
Translation adjustment	-			-
Closing Balance	1,020,976	54,712	-	1,075,688
<b>Net Block</b>	<b>13,979,024</b>	<b>4,737</b>	<b>3,801,311</b>	<b>17,785,072</b>

Notes to financials as at Year ended 31 March 2020.

<b>1 &amp; 2. Property, plant and equipment</b>	<b>Leasehold Land</b>	<b>Furniture fixtures &amp; Office Equipments</b>	<b>Capital work in progress</b>	<b>Total</b>
<b>Gross Block</b>				
Opening Balance	-	156,551	18,686,958	18,843,509
Additions	15,000,000	-	114,353	15,114,353
Disposals/Transfers	-	-	(15,000,000)	(15,000,000)
Translation adjustment	-	-		-
Closing Balance	15,000,000	156,551	3,801,311	18,957,862
<b>Accumulated Depreciation</b>				
Opening Balance	-	54,631	-	54,631
Depreciation expense	816,781	35,836	-	852,617
Disposals/Transfers	-	-	-	-
Translation adjustment	-	-	-	-
Closing Balance	816,781	90,467	-	907,248
<b>Net Block</b>	<b>14,183,219</b>	<b>66,084</b>	<b>3,801,311</b>	<b>18,050,614</b>

**Pidilite Chemical PLC**

Notes to financials as at Year ended 31 March 2021.

Particulars	As at 31st March 2021	As at 31st March 2020
	BIRR	BIRR
<b>3. Trade receivables</b>		
Receivable from Pidilite Industries Ltd	-	121,024
<b>TOTAL</b>	<b>-</b>	<b>121,024</b>
<b>4. Cash and Cash Equivalents</b>		
<b>Balance with banks</b>		
In Current Account	814,088	916,831
<b>TOTAL</b>	<b>814,088</b>	<b>916,831</b>
<b>5. Short Term Loans &amp; Advances</b>		
Loans and Advances to Employees and Others	6,728	8,272
<b>TOTAL</b>	<b>6,728</b>	<b>8,272</b>
<b>6. Other Current Non financial Assets</b>		
Advances to vendors:	688	688
<b>TOTAL</b>	<b>688</b>	<b>688</b>
<b>7. Equity Share Capital</b>		
<b>Authorised Share Capital :</b>		
<b>TOTAL</b>		
<b>Issued, Subscribed and Paid up Capital :</b>		
Equity Shares 178,945 each of 100 Birr ( Previous year share 139,922 @ 100 Birr)	17,894,500	13,992,200
Share Application Money	-	1,750,190
<b>TOTAL</b>	<b>17,894,500</b>	<b>15,742,390</b>
<b>8. Reserves and Surplus</b>		
<b>Surplus in Statement of Profit and Loss</b>		
Balance as per last financial statements (Surplus)	(9,984,892)	(5,828,090)
Add: Net Profit/(Net Loss) for the year	(2,691,296)	(4,156,802)
Closing balance (Surplus)	<b>(12,676,188)</b>	<b>(9,984,892)</b>
<b>Total Reserves</b>	<b>(12,676,188)</b>	<b>(9,984,892)</b>
<b>9. Other Non-current financial liabilities</b>		
Other financial liabilities - Leasehold land obligation	11,475,000	12,825,000
<b>TOTAL</b>	<b>11,475,000</b>	<b>12,825,000</b>
<b>10. Other Current Financial Liabilities</b>		
Lease liabilities	1,687,500	405,000
Other Current Financial liabilities	224,143	106,213
<b>TOTAL</b>	<b>1,911,643</b>	<b>511,213</b>
<b>11. Other Current Non financial Liabilities</b>		
Statutory remittances	1,621	3,719
<b>TOTAL</b>	<b>1,621</b>	<b>3,719</b>



Pidilite Chemical PLC

Notes to financials as at Year ended 31 March 2021

Particulars	April 20 - March 21	April 19- March 20
	BIRR	BIRR
<b>12. Other Income</b>		
<b>Other Non-Operating Income:</b>		
Profit on Foreign Exchange	192,662	63,410
<b>Total</b>	<b>192,662</b>	<b>63,410</b>
<b>13. Employee Benefits Expense</b>		
Salaries and Wages	1,909,860	2,600,155
<b>Total</b>	<b>1,909,860</b>	<b>2,600,155</b>
<b>14. Finance Costs</b>		
<b>Interest expense on:</b>		
Others	16,875	16,875
<b>Total</b>	<b>16,875</b>	<b>16,875</b>
<b>15. Depreciation and Amortization</b>		
Depreciation (Furniture)	6,373	0
Depreciation (Lease land)	204,195	0
Depreciation on tangible assets	3,070	852,617
<b>Total</b>	<b>213,637</b>	<b>852,617</b>
<b>16. Other Expenses</b>		
Rent	457,321	757,776
Travelling and Conveyance Expenses	46,589	249,365
Communication Expenses	24,684	61,913
Legal, Professional and Consultancy fees	270,433	180,101
Security exps	3,000	19,500
Loss on sale of Furniture	18,906	-
Miscellaneous expenses	24,634	54,017
Printing and Stationery	4,637	9,592
<b>Total</b>	<b>850,205</b>	<b>1,332,264</b>

## **Pidilite Chemicals PLC**

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### **Notes to the Financial Statements**

**March 31, 2021**

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

Pidilite Chemicals PLC is a Limited Liability Company incorporated on December 10th 2014.

The Company is formed to carry on manufacturing and trading of adhesives, sealants and construction chemical products.

#### **2 Basis of Preparation of Financial Statements**

These financial statements are prepared on a going concern basis. They are presented in Birr, currency unit of Ethiopia.

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

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

#### **3 Going Concern Assumption**

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

#### **4 Summary of Significant Accounting Policies**

##### **Revenue Recognition**

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

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

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

## **Financial Instruments**

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

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

Financial instruments comprise of trade and other receivables, trade and other payable, amounts due to related parties and short term bank borrowings.

## **Cash and Cash Equivalents**

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

## **Borrowings**

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

## **Provisions**

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

## **Foreign Currencies Translations**

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

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