Pidilite Middle East Limited
Jebel Ali Free Zone
Dubai - United Arab Emirates

Auditor's Report and Separate Financial Statements
For the year ended March 31, 2024

For identification purpose only
UHY
James

Pidilite Middle East Limited
Jebel Ali Free Zone
Dubai - United Arab Emirates

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Pidilite Middle East Limited
Jebel Ali Free Zone
Dubai - United Arab Emirates

Directors' Report

The Directors have pleasure in presenting their report and the audited separate financial statements of **M/s. Pidilite Middle East Limited**, Jebel Ali Free Zone, Dubai - United Arab Emirates (the "Entity") for the year ended March 31, 2024.

Principal activities of the Entity:

The Entity is licensed to engage in investing in enterprises.

Financial review:

The table below summarizes the results denoted in Arab Emirates Dirham (AED).

	2024	2023
Net Profit/(loss) for the year	**78,019**	(71,418)

Role of the Directors:

The Directors are the Entity's principal decision-making forum. The Directors have the overall responsibility for leading and supervising the Entity for delivering sustainable shareholder value through their guidance and supervision of the Entity's business. The Directors set the strategies and policies of the Entity. They monitor performance of the Entity's business, guide and supervise its management.

Events after year end:

In the opinion of the Directors, no transaction or event of a material and unusual nature, favourable or unfavourable have arisen in the interval between the end of the financial year and the date of this report, that is likely to affect, substantially, the result of the operations or the financial position of the Entity.

Auditor:

M/s. UHY James Chartered Accountants, Dubai - United Arab Emirates is willing to continue in office and a resolution to re-appoint them will be proposed in the Annual General Meeting.

Statement of Management and Directors' responsibilities:

The applicable requirements, requires the management to prepare the separate financial statements for each financial year which present fairly in all material respects, the separate financial position of the Entity and its financial performance for the year then ended.

The audited separate financial statements for the year under review, have been prepared in conformity and in compliance with the relevant statutory requirements and other governing laws. The Directors confirm that sufficient care have been taken for the maintenance of proper and adequate accounting records that disclose with reasonable accuracy at any time, the separate financial position of the Entity and enables them to ensure that the separate financial statements comply with the requirements of applicable statute. So far as the Directors are aware, there is no relevant audit information of which the auditor is unaware, and the Directors have taken all the steps in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information. The Directors also confirm that appropriate accounting policies have been selected and applied consistently in order that the separate financial statements reflect fairly the form and substance of the transactions carried out during the year under review and reasonably present the Entity's financial conditions and results of its operations.

These separate financial statements were approved by the Board and signed on behalf by the authorized representative of the Entity.

CRShah

Director

May 01, 2024

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Ref: JM/AR/2024/240283

Independent Auditor's Report

To,

The Shareholder
M/s. Pidilite Middle East Limited
Jebel Ali Free Zone
Dubai - United Arab Emirates

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the accompanying separate financial statements of **M/s. Pidilite Middle East Limited** (the "Entity") which comprise the separate statement of financial position as at March 31, 2024 and the separate statement of profit or loss and other comprehensive income, separate statement of changes in equity, separate statement of cash flows for the year then ended and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Entity as at March 31, 2024 and its separate financial performance and its separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Entity in accordance with the requirements of International Code of Ethics for Professional Accountants (including International Independence Standards), issued by International Ethics Standards Board for Accountants (IESBA Code) together with ethical requirements that are relevant to our audit of the separate financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with International Financial Reporting Standards (IFRSs) and their preparation in compliance with the applicable provisions of Jebel Ali Free Zone Offshore Companies Regulations 2023 and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Entity's financial reporting process.

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Independent Auditor's Report to the Shareholder of Pidilite Middle East Limited (continued)

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Further, as required by the Jebel Ali Free Zone Offshore Companies Regulations 2023, we confirm that,

1. We have obtained all the information and explanations which we consider necessary for our audit.
2. The separate financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Jebel Ali Free Zone Offshore Companies Regulations 2023 and the Memorandum and Articles of Association of the Entity.
3. The financial information included in the Directors' Report is consistent with the books of account of the Entity.

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Chartered Accountants

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Independent Auditor's Report to the Shareholder of Pidilite Middle East Limited (continued)

Report on Other Legal and Regulatory Requirements (continued)

4 Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Entity has contravened, during the financial year ended March 31, 2024, any of the applicable provisions of the Jebel Ali Free Zone Offshore Companies Regulations 2023 or the Memorandum and Articles of Association of the Entity, which would materially affect its activities or its separate financial position as at March 31, 2024.

For UHY James Chartered Accountants

James Mathew FCA, CPA
Managing Partner
Reg. No. 548

May 01, 2024
Dubai - United Arab Emirates

يو اتش واي جيمس لتدقيق الحسابات
P.O.Box: 118863
DUBAI - U.A.E.
UHY JAMES CHARTERED ACCOUNTANTS

Pidilite Middle East Limited
Jebel Ali Free Zone
Dubai - United Arab Emirates

Separate statement of financial position as at March 31, 2024
(In Arab Emirates Dirham)

	Notes	2024	2023
Assets			
Non-current assets			
Investment in a subsidiary	5	**300,000**	300,000
Additional investment in subsidiary as long term loan	6	**55,296,471**	52,396,471
Investments at fair value through other comprehensive income	7	**437,432**	434,907
Advances for share capital	8	**285,437**	193,562
Total non-current assets		**56,319,340**	53,324,940
Current assets			
Other receivables	9	**100,462**	-
Bank balances	10	**30,595**	53,471
Total current assets		**131,057**	53,471
Total assets		**56,450,397**	53,378,411
Equity and liabilities			
Equity			
Share capital	11	**103,765,030**	103,765,030
Advance for share capital		**3,000,000**	-
Accumulated (losses)	12	**(50,351,608)**	(50,429,627)
Total equity		**56,413,422**	53,335,403
Current liabilities			
Other payables	13	**36,975**	43,008
Total current liabilities		**36,975**	43,008
Advance for share capital		**36,975**	43,008
Total equity and liabilities		**56,450,397**	53,378,411

The accompanying notes from pages 9 to 22 form an integral part of these separate financial statements.

The report of the auditor is set out on pages 2 to 4.

The separate financial statements on pages 5 to 22 were approved on May 01, 2024 and signed on behalf of the Entity, by:

CRShah

Director

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UHY James

Pidilite Middle East Limited
Jebel Ali Free Zone
Dubai - United Arab Emirates

Separate statement of profit or loss and other comprehensive income for the year ended March 31, 2024

(In Arab Emirates Dirham)

	Notes	2024	2023
Administrative expenses	14	**(22,443)**	(71,418)
Investment income	15	**100,462**	-
Profit/(loss) for the year		**78,019**	(71,418)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		**78,019**	(71,418)

The accompanying notes from pages 9 to 22 form an integral part of these separate financial statements.

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Pidilite Middle East Limited
Jebel Ali Free Zone
Dubai - United Arab Emirates

Separate statement of changes in equity for the year ended March 31, 2024
(In Arab Emirates Dirham)

	Share capital	Accumulated (losses)	Advance for share capital	Total equity
Balance as at April 01, 2022	96,163,000	(50,358,209)	-	45,804,791
(Loss) for the year	-	(71,418)	-	(71,418)
Share capital introduced	7,602,030	-	-	7,602,030
Balance as at March 31, 2023	103,765,030	(50,429,627)	-	53,335,403
Profit for the year	-	**78,019**	-	**78,019**
Advance for share capital	-	-	**3,000,000**	**3,000,000**
Balance as at March 31, 2024	**103,765,030**	**(50,351,608)**	**3,000,000**	**56,413,422**

The accompanying notes from pages 9 to 22 form an integral part of these separate financial statements.

The report of the auditor is set out on pages 2 to 4.

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Pidilite Middle East Limited
Jebel Ali Free Zone
Dubai - United Arab Emirates

Separate statement of cash flows for the year ended March 31, 2024
(In Arab Emirates Dirham)

	2024	2023
Cash flows from operating activities		
Profit/(loss) for the year	**78,019**	(71,418)
Operating income/(loss) before changes in operating assets and liabilities	**78,019**	(71,418)
(Increase)/decrease in current assets		
Other receivables	**(100,462)**	8,000
Increase/(decrease) in current liabilities		
Other payables	**(6,033)**	19,696
Net cash (used in) operating activities	**(28,476)**	(43,722)
Cash flows from investing activities		
Additional investment in subsidiary as long term loan	**(2,900,000)**	(7,490,000)
Advances for share capital	**(91,875)**	-
Investments at fair value through other comprehensive income	**(2,525)**	(24,902)
Net cash (used in) investing activities	**(2,994,400)**	(7,514,902)
Cash flows from financing activities		
Advance for share capital	**3,000,000**	7,602,030
Net cash from financing activities	**3,000,000**	7,602,030
Net (decrease)/increase in cash and cash equivalents	**(22,876)**	43,406
Cash and cash equivalents, beginning of the year	**53,471**	10,065
Cash and cash equivalents, end of the year (note 10)	**30,595**	53,471

The accompanying notes from pages 9 to 22 form an integral part of these separate financial statements.

The report of the auditor is set out on pages 2 to 4.

For identification purpose only
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1 Legal status and business activities

1.1 **M/s. Pidilite Middle East Limited,** Jebel Ali Free Zone, Dubai - United Arab Emirates (the "Entity") was registered on May 18, 2005 as an Offshore Company with Limited Liability and operates in the United Arab Emirates under Registration No. O.F 1264 issued by Jebel Ali Free Zone Authority, Dubai - United Arab Emirates.

1.2 The Entity is licensed to engage in investing in enterprises.

1.3 The registered address of the Entity is P.O. Box: 118863, Dubai – United Arab Emirates.

1.4 The management and control is vested with the Board of Directors.

2 Income and deferred tax

On December 09, 2022, the U.A.E. Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal Corporate Tax (CT) regime in the U.A.E. The CT regime is effective from June 01, 2023 and accordingly, it has an income tax related impact on the financial statements for accounting periods beginning on or after June 01, 2023.

The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% CT rate would apply and accordingly, the Law is now considered to be substantively enacted from the perspective of IAS 12 — Income Taxes. A rate of 9% will apply to taxable income exceeding AED 375,000, a rate of 0% will apply to taxable income not exceeding AED 375,000, and a rate of 0% will apply on qualifying income of qualifying free zone entities. Subject to meeting certain conditions to be considered a Qualifying FZ Person ("QFZP"), the Entity may be subject to U.A.E. CT at (i) 0% on Qualifying Income, and (ii) 9% on taxable income that is not Qualifying Income.

The Entity will be subject to CT commencing April 01, 2024.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

3 New standards and amendments

3.1 New standards and amendments applicable as on April 01, 2023

The following standards and amendments apply for the first time to the financial reporting periods commencing on or after April 01, 2023.

- IFRS 17 - *Insurance Contracts* (Including the June 2020 and December 2021 amendments)
- Deferred Tax related to Assets and Liabilities arising from Single Transaction - Amendments to IAS 12, *Income Taxes*
- International Tax Reform (Pillar Two Model Rules) - Amendments to IAS 12, *Income Taxes*

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3 New standards and amendments (continued)

3.1 New standards and amendments applicable as on April 01, 2023 (continued)

- Disclosure of Accounting Policies - Amendments to IAS 1, *Presentation of Financial Statements and IFRS Practice Statement 2*
- Definition of Accounting Estimates - Amendments to IAS 8, Accounting policies, *Changes in Accounting Estimates and Errors*

The management believes that the adoption of the above amendments effective for the current accounting period has not had any material impact on the recognition, measurement, presentation and disclosure of items in the financial statements.

3.2 New standards and amendments issued but not effective for the current annual period

The following standards and interpretations had been issued but not yet mandatory for annual reporting periods ending March 31, 2024.

Description	Effective for annual periods beginning on or after
Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	January 01, 2024
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*	January 01, 2024
IFRS 16 - *Leases* (Amendment - Liability in a Sale and Leaseback)	January 01, 2024
Classification of Liabilities as Current or Non-Current - Amendments to IAS 1, *Presentation of Financial Statements*	January 01, 2024
Non Current Liabilities with Covenants - Amendments to IAS 1, *Presentation of Financial Statements*	January 01, 2024

Management anticipates that these new standards, interpretations and amendments will be adopted in the separate financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the separate financial statements in the period of initial application.

4 Significant accounting policies

4.1 Statement of compliance

The separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by International Accounting Standards Board (IASB) and applicable U.A.E. laws. These separate financial statements are presented in Arab Emirates Dirham (AED) which is the Entity's functional and presentation currency.

4.2 Basis of preparation

The separate financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for assets or goods or services.

The principal accounting policies applied in these separate financial statements are set out as follows.

4.3 Current/Non-current classification

The Entity presents assets and liabilities in separate statement of financial position based on current/non-current classification.

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4 Significant accounting policies (continued)

4.3 Current/Non-current classification (continued)

An asset is current when it is expected to be realised or intended to be sold or consumed in normal operating cycle or held primarily for the purpose of trading or expected to be realised within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is expected to be settled in normal operating cycle or it is held primarily for the purpose of trading or it is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Entity classifies all other liabilities as non-current.

4.4 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Entity.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the separate financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 inputs are quoted price (unadjusted) in active market for identical asset or liabilities that the Entity can access at the measurement date,

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly, and

Level 3 inputs are unobservable inputs for the asset or liability.

4.5 Foreign currency

The transactions in currencies other than the Entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the separate statement of profit or loss and other comprehensive income in the period in which they arise.

4 Significant accounting policies (continued)

4.6 Investments in a subsidiary

The investments in subsidiary is accounted for using cost method in accordance with IAS 27 "Separate Financial Statements" where the Entity has not opted to consolidate its subsidiary in accordance with exemption of IFRS 10 ("Consolidated Financial Statements").

4.7 Financial instruments

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

4.7.1 Financial assets

Classification

The Entity classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI) "FVTOCI", or through profit or loss "FVTPL"), and

- those to be measured at amortised cost.

The classification depends on the Entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Entity has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI). For investments in these equity instruments, the Entity does not subsequently reclassify between FVTOCI and FVTPL.

Measurement

At initial recognition, the Entity measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the separate statement of profit or loss and other comprehensive income.

Financial assets comprise of cash and cash equivalents and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances.

Other receivables

Other receivable balances that are held to collect are subsequently measured at the lower of amortized cost or the present value of estimated future cash flows. The present value of estimated future cash flows is determined through the use of value adjustments for uncollectible amounts. The Entity assesses on a forward-looking basis the expected credit losses associated with its other receivables and adjusts the value to the expected collectible amounts.

Other receivables are written off when they are deemed uncollectible because of bankruptcy or other forms of receivership of the debtors. The assessment of expected credit losses on other receivables takes into account credit-risk concentration, collective debt risk based on average historical losses, specific circumstances such as serious adverse economic conditions in a specific country or region and other forward-looking information.

4 Significant accounting policies (continued)

4.7 Financial instruments (continued)

4.7.1 Financial assets (continued)

Other receivables (continued)

Other receivables that are held to collect and sell are subsequently measured at FVTOCI. The Entity derecognizes receivables on entering into factoring transactions if the Entity has transferred substantially all risks and rewards or if the Entity does not retain control over those receivables.

Other financial assets

Other financial assets include both debt instrument and equity instruments. Debt instruments include those subsequently carried at amortized cost, those carried at FVTPL and those carried at FVTOCI.

Equity instruments

The Entity subsequently measures all equity investments at fair value. Where the Entity's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Entity's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the separate statement of profit or loss and other comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Impairment of financial assets

The Entity assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOTCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For other receivables, the Entity applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Derecognition of financial assets

The Entity derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Entity recognises its retained interest in the asset and an associated liability for the amounts, it may have to pay. If the Entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the Entity continues to recognise the financial asset.

4.7.2 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Entity's financial liabilities include other payables.

Other payables

Other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other payables are recognised initially at fair value and subsequently are measured at amortised cost using effective interest method.

4 Significant accounting policies (continued)

4.7 Financial instruments (continued)

4.7.2 Financial liabilities (continued)

Derecognition of financial liabilities

The Entity derecognises financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or they expire. When an existing financial liability is replaced by another, from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the separate statement of profit or loss and other comprehensive income.

4.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the separate statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

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

4.9 Provisions

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4.10 Investment income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

4.11 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Entity's accounting policies, which are described in policy notes, the management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. 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. 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 the revision and future periods if the revision affects both current and future periods.

The significant judgements and estimates made by management, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described as follows.

Critical judgements in applying accounting policies

In the process of applying the Entity's accounting policies and due to the nature of operations, management has not made any judgement that may have any significant effect on the amounts recognised in the separate financial statements.

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4 Significant accounting policies (continued)

4.11 Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed as follows.

Valuation of unquoted investments

Valuation of unquoted equity investments is normally based on one of the following:

- Current fair value of another instrument that is substantially the same;
- The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or
- Other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimations. The Entity calibrates the valuation techniques periodically and tests them for validity using either prices from observable current market transactions in the same instrument or from other available observable market data.

Fair value measurement of financial instruments

For the purpose of fair value disclosures, the Entity has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Entity uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

The Entity has an established control framework with respect to the measurement of fair values. This includes a management team that has overall responsibility for overseeing all significant fair value measurements.

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Entity uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Entity's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the relevant notes to the separate financial statements.

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	Proportion of ownership interest			
5 Investment in a subsidiary	**2024**	2023	**2024**	2023
M/s. Pidilite MEA Chemicals L.L.C., Dubai - U.A.E.	**100%**	49%	**300,000**	300,000

The principal activity of M/s. Pidilite MEA Chemicals L.L.C., Dubai - U.A.E. is to manufacture and trade acid, gum & glue, paint, varnish, insulation materials, adhesives, industrial solvents and construction chemicals. The Entity has 100% control and management of the investee.

The investment in subsidiary has been separately accounted at cost in these separate financial statements in accordance with IAS 27 ("Separate Financial Statements"). The Entity avails exemption to consolidate the subsidiary in accordance with IFRS 10 ("Consolidated Financial Statements"), since M/s. Pidilite Industries Limited - India (shareholder), listed on stock exchange of India prepares consolidated financial statements.

6 Additional investment in subsidiary as long term loan	**2024**	2023
Additional investment	**101,907,469**	99,007,469
Less: Impairment loss	**(46,610,998)**	(46,610,998)
	55,296,471	52,396,471

The above additional investment is a long term unsecured, interest free loan, without any fixed repayment schedule.

Movement of impairment loss:		
Balance at the end of the year	**46,610,998**	46,610,998

7 Investments at fair value through other comprehensive income

	No. of shares		Proportion of ownership interest		Proportion of voting power			
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
i) M/s. PT Pidilite Indonesia - Indonesia	**1,207**	1,142	**1%**	1%	**1%**	1%	**44,979**	42,454
ii) M/s. Pidilite Specialty Chemicals Bangladesh Private Limited - Bangladesh	**35,440**	35,440	**1%**	1%	**1%**	1%	**182,633**	182,633
iii) M/s. Pidilite Industries Egypt Co. - Egypt	**3,698**	3,698	**1%**	1%	**1%**	1%	**206,736**	206,736
iv) M/s. Pidilite Lanka (Private) Limited - Sri Lanka	**231**	231	**0.003%**	0.003%	**0.003%**	0.003%	**755**	755
v) M/s. Nebula East Africa Private Limited - Kenya	**500**	500	**1%**	1%	**1%**	1%	**2,329**	2,329
							437,432	434,907

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7 Investments at fair value through other comprehensive income (continued)

The above investments are unquoted equity investments. The Entity performs fair value evaluation based on discounted cash flow method and the carrying values of the investments are not materially different from the fair values.

	2024	2023
8 Advances for share capital		
M/s. Pidilite Industries Egypt Co. - Egypt	**285,437**	193,562
Movement in advances for share capital:		
Balance at the beginning of the year	**193,562**	168,660
Additions during the year	**91,875**	24,902
Balance at the end of the year	**285,437**	193,562
9 Other receivables		
Dividend receivable	**100,462**	-
Receivable towards sale of shares	**98,833**	98,833
Less: Impairment for receivables towards sale of shares	**(98,833)**	(98,833)
	100,462	-

The movements in the impairment for receivables towards sale of shares as at the reporting date are as follows:

	2024	2023
Balance at the end of the year	**98,833**	98,833

10 Bank balances

Bank balance	**30,595**	53,471

Management has concluded that the Expected Credit Loss (ECL) for all bank balances is immaterial as these balances are held with banks/financial institutions whose credit risk rating by international rating agencies has been assessed as low.

11 Share capital

The authorized share capital of the Entity is AED 110,000,000 divided into 110,000,000 shares of AED 1 each. The issued and paid up capital of the Entity is AED 103,765,030 divided into 103,765,030 shares of AED 1 each, fully paid.

11 Share capital (continued)

The details of the shareholding as at the reporting date are as follows:

Name of shareholder	Domicile	Percentage 2024	Percentage 2023	No. of shares 2024	No. of shares 2023	2024	2023
M/s. Pidilite Industries Limited - India	India	**100**	100	**103,765,030**	103,765,030	**103,765,030**	103,765,030

	2024	2023
12 Accumulated (losses)		
Balance at the beginning of the year	**(50,429,627)**	(50,358,209)
(Loss) for the year	**78,019**	(71,418)
Balance at the end of the year	**(50,351,608)**	(50,429,627)
13 Other payables		
Accrued expenses	**36,975**	43,008

	For the year ended March 31, 2024	2023
14 Administrative expenses		
Legal and professional	**11,559**	41,636
Directors' fee (note 16)	**5,000**	20,000
Bank charges	**5,884**	9,782
	22,443	71,418
15 Investment Income		
Dividend income	**100,462**	-

16 Related party transactions

The Entity enters into transactions with other entities that fall within the definition of a related party as contained in IAS 24, Related Party Disclosures. Related parties comprise entities under common ownership and/or common management and control; their partners and key management personnel.

The management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as other charges, if applicable.

Transactions with related parties

The nature of significant related party transactions and the amounts involved were as follows:

	For the year ended March 31, 2024	2023
Directors' fee (note 14)	**5,000**	20,000
Dividend Income (note 15)	**100,462**	-

17 Financial instruments

a) *Significant accounting policies*

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 4 to the separate financial statements.

b) *Fair value of financial assets and financial liabilities that are not measured at fair value on recurring basis.*

	As at March 31,		As at March 31,	
	2024	2023	**2024**	2023
Financial assets	**Carrying amount**		**Fair value**	
Other receivables	**100,462**	-	**100,462**	-
Bank balances	**30,595**	53,471	**30,595**	53,471
	131,057	53,471	**131,057**	53,471
Financial liabilities				
Other payables	**36,975**	43,008	**36,975**	43,008

Financial instruments comprises of financial assets and financial liabilities.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between knowledgeable and willing parties.

Financial assets consist of other receivables and bank balances. Financial liabilities consists of other payables.

As at the reporting date, fair values of financial assets and financial liabilities approximate their carrying values.

c) *Fair value of financial assets that are measured at fair value on recurring basis*

The Entity's financial assets are measured at fair value at the end of each reporting date. Following are the information about how the fair values of these financial assets are determined and their valuation technique and inputs used.

	Valuation technique	Fair value hierarchy	Fair value as at March 31,	
			2024	2023
Investments at fair value through other comprehensive income	DCF	Level 3	**437,432**	434,907

Significant unobservable inputs for private equity investments are long term revenue growth, weighted average cost of capital, management experience and knowledge of market conditions for specific industries.

The higher the growth, the higher the fair value or the higher the weighted average cost of capital, the lower the fair value.

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18 Financial risk management objectives

The Entity management set out the Entity's overall business strategies and its risk management philosophy. The Entity's overall financial risk management program seeks to minimize potential adverse effects on the financial performance of the Entity. The Entity policies include financial risk management policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk), liquidity risk and credit risk. Periodic reviews are undertaken to ensure that the Entity's policy guidelines are complied with.

There has been no change to the Entity's exposure to these financial risks or the manner in which it manages and measures the risk.

The Entity is exposed to the following risks related to financial instruments. The Entity has not framed formal risk management policies, however, the risks are monitored by management on a continuous basis. The Entity does not enter into or trade in financial instruments, investment in securities, including derivative financial instruments, for speculative or risk management purposes.

a) *Foreign currency risk management*

The Entity undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The Entity does not have any significant exposure to currency risk, as most of its assets and liabilities are denominated in Arab Emirates Dirham and US Dollar to which Arab Emirates Dirham to US Dollar conversion is pegged.

b) *Interest rate risk management*

As at the reporting date, there is no significant interest rate risk as there are no borrowings at year end.

c) *Liquidity risk management*

Ultimate responsibility for liquidity risk management rests with the management which has built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk table:

The table on the following page summarises the maturity profile of the Entity's financial assets and financial liabilities. The contractual maturities of the financial assets and financial liabilities have been determined on the basis of the remaining period at the separate statement of financial position date to the contractual maturity date. The maturity profile of the assets and liabilities at the separate statement of financial position date based on contractual repayment arrangements were shown on the following page:

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Pidilite Middle East Limited
Jebel Ali Free Zone
Dubai - United Arab Emirates

Notes to the separate financial statements for the year ended March 31, 2024
(In Arab Emirates Dirham)

18 Financial risk management objectives (continued)

c) *Liquidity risk management (continued)*

Liquidity and interest risk table (continued)

	Interest bearing			Non Interest bearing			
Particulars	On demand or less than 3 months	Within 1 year	More than 1 year	On demand or less than 3 months	Within 1 year	More than 1 year	Total
				As at March 31, 2024			
Financial assets							
Investments at fair value through other comprehensive income	-	-	-	-	-	**437,432**	**437,432**
Other receivables	-	-	-	-	**100,462**	-	**100,462**
Bank balances	-	-	-	**30,595**	-	-	**30,595**
	-	-	-	**30,595**	**100,462**	**437,432**	**568,489**
Financial liabilities							
Other payables	-	-	-	-	**36,975**	-	**36,975**
	-	-	-	-	**36,975**	-	**36,975**
				As at March 31, 2023			
Financial assets							
Investments at fair value through other comprehensive income	-	-	-	-	-	434,907	434,907
Bank balances	-	-	-	53,471	-	-	53,471
	-	-	-	53,471	-	434,907	488,378
Financial liabilities							
Other payables	-	-	-	-	43,008	-	43,008
	-	-	-	-	43,008	-	43,008

d) *Credit risk management*

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Entity. The Entity has adopted a policy of only dealing with creditworthy counterparties. The Entity's exposure are continuously monitored and their credit exposure is reviewed by the management regularly.

Ongoing credit evaluation is performed on the financial condition of other receivables. Further details of credit risks on other receivables are discussed in note 9 to the separate financial statements.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amounts of the financial assets recorded in the separate financial statements, which is net of impairment losses, represents the Entity's maximum exposure to credit risks.

19 Capital risk management

The Entity manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the equity balance. The Entity's overall strategy remains unchanged from prior year. The Entity is not subject to any externally imposed capital requirements.

The capital structure of the Entity consists of equity comprising issued capital, advance for share capital and accumulated (losses) as disclosed in the separate financial statements.

20 Contingent liabilities

Except for the ongoing business obligations which are under normal course of business, there has been no other known contingent liability on the Entity's separate financial statements as of the reporting date.

21 Commitments

Except for the ongoing business obligations which are under normal course of business, there has been no other known commitment on the Entity's separate financial statements as of the reporting date.

22 Comparative figures

There were no reclassifications or regroupings made in the previously reported financial result or equity.