

Company Registration No.: 200416836H

PIDILITE INTERNATIONAL PTE. LTD.
(Incorporated in Singapore)

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

PIDILITE INTERNATIONAL PTE. LTD.
(Incorporated in Singapore)

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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PIDILITE INTERNATIONAL PTE. LTD.
(Incorporated in Singapore)

GENERAL INFORMATION

Directors

Apurva Narendra Parekh
Dien Pandiman
Gowri Saminathan Mrs Gowri Wade
Priykant Chhotalal Patel
Shanker Iyer
Bharat Puri
(Alternate director to Apurva Narendra Parekh)

Company Secretary

Cheng Lian Siang

Registered Office

9 Raffles Place
#27-00
Republic Plaza
Singapore 048619

Independent Auditor

JBS Practice PAC

PIDILITE INTERNATIONAL PTE. LTD.
(Incorporated in Singapore)

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the member together with the audited financial statements of PIDILITE INTERNATIONAL PTE. LTD. (the "company") for the financial year ended 31 March 2019.

OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the accompanying financial statements of the company are drawn up so as to give a true and fair view of the financial position of the company as at 31 March 2019 and of its financial performance, changes in equity and cash flows for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the company in office at the date of this statement are:

Apurva Narendra Parekh
Dien Pandiman
Gowri Saminathan Mrs Gowri Wade
Priykant Chhotalal Patel
Shanker Iyer
Bharat Puri
(Alternate director to Apurva Narendra Parekh)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the company a party to any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares in, or debentures of, the company or any other body corporate.

PIDILITE INTERNATIONAL PTE. LTD.
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DIRECTORS' STATEMENT (...CONT'D)

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, none of the directors holding office at the end of the financial year had any significant interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in the name of directors	
	<u>At 01.04.2018</u>	<u>At 31.03.2019</u>
<u>Ordinary shares of holding company</u>		
Apurva Narendra Parekh	3,076,918	3,076,918
Priykant Chhotalal Patel	54,846	56,946

SHARE OPTIONS

There were no share options granted during the financial year to subscribe for unissued shares of the company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the company.

There were no unissued shares of the company under option at the end of the financial year.

INDEPENDENT AUDITOR

The independent auditor, Messrs JBS Practice PAC, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors



Dien Pandiman
Director



Priykant Chhotalal Patel
Director

3 May 2019

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
PIDILITE INTERNATIONAL PTE. LTD.**
(Incorporated in Singapore)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PIDILITE INTERNATIONAL PTE. LTD. (the "company") as set out on pages 7 to 38, which comprise the statement of financial position of the company as at 31 March 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the company as at 31 March 2019 and of the financial performance, changes in equity and cash flows of the company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the General Information set out on page 1, the Directors' Statement set out on pages 2 to 3, and the accompanying Schedule of Other Operating Expenses.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
PIDILITE INTERNATIONAL PTE. LTD. (...CONT'D)**
(Incorporated in Singapore)

Report on the Audit of the Financial Statements (...cont'd)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the company'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 company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 assurance, but is not a guarantee that an audit conducted in accordance with SSAs 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 financial statements.

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

- (a) Identify and assess the risks of material misstatement of the 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.
- (b) 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 company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
PIDILITE INTERNATIONAL PTE. LTD. (...CONT'D)**
(Incorporated in Singapore)

Report on the Audit of the Financial Statements (...cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (...cont'd)

- (d) 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 company'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 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 company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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

In our opinion, the accounting and other records required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.



JBS PRACTICE PAC
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS

Singapore

3 May 2019

PIDILITE INTERNATIONAL PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	<u>Note</u>	<u>2019</u> US\$	<u>2018</u> US\$
ASSETS			
Current assets			
Cash at bank	4	608,588	3,289,970
Trade receivables	5	42,159	57,247
Loan to subsidiary	6	358,866	-
		<u>1,009,613</u>	<u>3,347,217</u>
Non-current assets			
Loan to subsidiary	6	350,000	-
Investments in subsidiaries	7	23,378,626	22,202,248
Intangible assets	8	56,935	56,935
		<u>23,785,561</u>	<u>22,259,183</u>
TOTAL ASSETS		<u>24,795,174</u>	<u>25,606,400</u>
LIABILITIES			
Current liabilities			
Other payables	9	18,643	24,383
Income tax payable		7,061	8,152
TOTAL LIABILITIES		<u>25,704</u>	<u>32,535</u>
NET ASSETS		<u>24,769,470</u>	<u>25,573,865</u>
SHAREHOLDER'S EQUITY			
Share capital	10	24,671,494	24,081,494
Share application monies	11	-	-
Retained earnings		97,976	1,492,371
TOTAL EQUITY		<u>24,769,470</u>	<u>25,573,865</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

PIDILITE INTERNATIONAL PTE. LTD.
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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

	<u>Note</u>	<u>2019</u> US\$	<u>2018</u> US\$
REVENUE			
Royalty income		50,664	92,991
Interest income		8,866	6,795
Gain on disposal of trademark		-	1,046,068
Total revenue		59,530	1,145,854
EXPENSE			
Operating expenses	12	52,826	97,841
Total expense		52,826	97,841
 Profit before income tax		 6,704	 1,048,013
 Income tax expense	 13	 (1,100)	 (3,158)
 Net profit, representing total comprehensive income for the year		 5,604	 1,044,855

The annexed notes form an integral part of and should be read in conjunction with these financial statements

PIDILITE INTERNATIONAL PTE. LTD.
(Incorporated in Singapore)

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

	Note	<u>Share capital</u> US\$	<u>Share application monies</u> US\$	<u>Retained earnings</u> US\$	<u>Total</u> US\$
<u>2019</u>					
Balance at 1 April 2018		24,081,494	-	1,492,372	25,573,865
Issuance of ordinary shares	10	590,000	-	-	590,000
Net profit, representing total comprehensive income for the year		-	-	5,604	5,604
Dividend paid	14	-	-	(1,400,000)	(1,400,000)
Balance at 31 March 2019		<u>24,671,494</u>	<u>-</u>	<u>97,976</u>	<u>24,769,470</u>
<u>2018</u>					
Balance at 1 April 2017		21,641,444	720,050	447,516	22,809,010
Issuance of ordinary shares	10	2,440,050	(720,050)	-	1,720,000
Net profit, representing total comprehensive income for the year		-	-	1,044,855	1,044,855
Balance at 31 March 2018		<u>24,081,494</u>	<u>-</u>	<u>1,492,372</u>	<u>25,573,865</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

PIDILITE INTERNATIONAL PTE. LTD.
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	<u>Note</u>	<u>2019</u> US\$	<u>2018</u> US\$
Cash Flows From Operating activities			
Profit before income tax		6,704	1,048,013
Adjustment for:			
Gain on disposal of trademark		-	(1,046,068)
Interest income		(8,866)	(6,795)
Cash flows used in operations before changes in working capital		<u>(2,162)</u>	<u>(4,850)</u>
Working capital changes excluding changes relating to cash:			
Trade receivables		15,088	21,535
Other payables		(5,740)	(14,486)
Cash generated from operations		<u>7,186</u>	<u>2,199</u>
Income tax refund		-	2,815
Income tax paid		(2,190)	(12,271)
Net cash generated from/(used in) operating activities		<u>4,996</u>	<u>(7,257)</u>
Cash Flows From Investing activities			
Investments in subsidiaries		(1,176,378)	(2,490,516)
Proceeds on disposal of trademark		-	1,948,000
Net cash used in investing activities		<u>(1,176,378)</u>	<u>(542,516)</u>
Cash Flows From Financing Activities			
(Loan to)/Repayment from subsidiary	6	(700,000)	1,020,822
Proceed from issuance of ordinary shares	10	590,000	1,720,000
Dividend paid	14	(1,400,000)	-
Net cash (used in)/generated from financing activities		<u>(1,510,000)</u>	<u>2,740,822</u>
Net (decrease)/increase in cash at bank		(2,681,382)	2,191,049
Cash at bank at beginning of the financial year		<u>3,289,970</u>	<u>1,098,921</u>
Cash at bank at end of the financial year	4	<u>608,588</u>	<u>3,289,970</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

PIDILITE INTERNATIONAL PTE. LTD.
(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

Pidilite International Pte. Ltd. (Company Registration No. 200416836H) is a private limited company and domiciled in Singapore. The company's registered office is at 9 Raffles Place #27-00 Republic Plaza Singapore 048619. The principal place of business is at 61 Science Park Road, The Galen #03-11/12, Singapore Science Park 2, Singapore 117525.

The principal activity of the company is that of investment holding. There has been no significant change in the nature of this activity during the financial year.

The financial statements of the company for the financial year ended 31 March 2019 were authorised and approved by the board of directors for issuance on 03 May 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by Singapore Companies Act. The financial statements expressed in United States dollars are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below.

In the current financial year, the company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are mandatory for application. The adoption of these new and revised FRS and INT FRS have no material effect on the financial statements.

These financial statements are separate financial statements of Pidilite International Pte. Ltd.. The company avails the exemption as per FRS 27: Consolidated and Separate Financial Statements from the preparation of consolidated financial statements as the ultimate holding company, Pidilite Industries Limited (company incorporated in India) produces consolidated financial statements available for public use. The registered office of Pidilite Industries Limited is at 7th Floor, Regent Chambers, Jammalal Bajaj Marg, 208, Nariman Point, Mumbai, 400 021 India.

PIDILITE INTERNATIONAL PTE. LTD.
(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019 (...CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

a) Basis of preparation(...cont'd)

Interpretations and amendments to published standards effective in 2018

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the following:

i) *Adoption of FRS 109 Financial Instruments*

The Company has adopted the new standard retrospectively from 1 April 2018, in line with the transition provision permitted under the standards. Comparatives for financial year ended 2018 are not restated and the Company has recognised any difference between the carrying amounts at 31 March 2018 and 1 April 2018 in the opening retained earnings.

The accounting policies for financial instruments under FRS 109 are disclosed in Note 2c.

The effects on adoption of FRS 109 are as follows:

FRS 39 measurement category	Note	US\$	FRS 109 measurement category Amortised cost US\$
<u>Loans and receivables</u>			
Cash and cash equivalents	(a)	3,289,970	3,289,970
Trade and other receivables	(a)	57,247	57,247
		<u>3,347,217</u>	<u>3,347,217</u>

Debt instruments reclassified from loans and receivables to amortised cost

Cash and cash equivalents and trade and other receivables classified as loans and receivables as at 31 March 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These were classified and measured as debt instruments at amortised cost beginning 1 April 2018.

PIDILITE INTERNATIONAL PTE. LTD.
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 MARCH 2019 (...CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

(b) Currency translation

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the company are presented in United States dollars, which is the functional currency of the company.

In preparing the financial statements of the company, monetary assets and liabilities in foreign currencies are translated into United States dollars at rates of exchange closely approximating to those ruling at the end of the reporting period and transactions in foreign currencies during the financial year are translated at rates ruling on transaction dates. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on 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 arising on the settlement of monetary items, and on retranslation of monetary items are included in the profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

(c) Financial assets

The accounting for financial assets before 1 April 2018 are as follows:

(i) Classification

The company classifies its financial assets as loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

PIDILITE INTERNATIONAL PTE. LTD.
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 MARCH 2019 (...CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

(c) Financial assets (...cont'd)

(i) Classification (...cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the end of the reporting period which are presented as non-current assets. Loans and receivables are presented as “trade receivables”, “cash at bank” and “loan to subsidiary” on the statement of financial position.

(ii) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. It exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

(iii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the entity commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the profit or loss.

(iv) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(v) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method less allowance for impairment.

PIDILITE INTERNATIONAL PTE. LTD.
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 MARCH 2019 (...CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

(c) Financial assets (...cont'd)

(vi) Impairment

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence arises.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the profit or loss.

The allowance for impairment loss account is reduced through the profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

The accounting for financial assets from 1 April 2018 under FRS 109 are as follows:

(vii) Classification and measurement

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

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

PIDILITE INTERNATIONAL PTE. LTD.
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 MARCH 2019 (...CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

(c) Financial assets (...cont'd)

(vii) Classification and measurement (...cont'd)

The classification depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

(a) Debt instruments

Debt instruments mainly comprise of cash at bank and trade receivables and loan to subsidiaries. There are three subsequent measurement categories, depending on the Company's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

PIDILITE INTERNATIONAL PTE. LTD.
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 MARCH 2019 (...CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

(c) Financial assets (...cont'd)

(viii) Classification and measurement (...cont'd)

At subsequent measurement (...cont'd)

(a) Debt instruments (...cont'd)

- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other gains and losses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".

- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other gains and losses".

(ix) Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 17 details how the Company determines whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by the FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(x) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

PIDILITE INTERNATIONAL PTE. LTD.
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 MARCH 2019 (...CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

(c) Financial assets (...cont'd)

(x) *Recognition and derecognition (...cont'd)*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

(d) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(e) Investments in subsidiaries

Unquoted equity investments in subsidiaries are stated at cost less accumulated impairment losses. On disposal of investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investment is taken to the profit or loss.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 MARCH 2019 (...CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

(f) Intangible assets

Trademarks and copyrights are stated at cost less accumulated impairment losses and are not amortised as their useful lives are not finite. The useful lives of the trademarks and copyrights are reviewed at the end of each financial period to determine whether events and circumstances continue to support their indefinite useful lives. If they do not, the change in the useful life assessment from indefinite to finite shall be accounted for as a change in accounting estimate.

(g) Impairment of non-financial assets

*Investments in subsidiaries
Intangible assets*

Investments in subsidiaries and intangible assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 MARCH 2019 (...CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

(g) Impairment of non-financial assets (...cont'd)

A reversal of impairment loss for an asset is recognised in the profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment is also credited to the profit or loss.

(h) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are recognised when, and only when, the company becomes a party to the contractual provisions of the financial instrument. The company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

(ii) Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

(i) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

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2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

(i) Provisions (...cont'd)

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the profit or loss as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the profit or loss when the changes arise.

(j) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

(k) Revenue recognition

These accounting policies are applied before the initial application date of FRS 115, 1 April 2018:

Revenue is measured at the fair value of the consideration received or receivable and represents amount receivable for goods and services provided in the normal course of business, net of goods and services tax, rebates and discounts.

The company recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the company's activities are met as follows:

- (i) Royalty income from trademarks and copyrights is recognised when services rendered are recognised and in accordance with the substance of the relevant agreements.
- (ii) Dividend income is recognised when the right to receive payment is established.
- (iii) Interest income is recognised on effective interest method.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
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2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

(k) Revenue recognition (...cont'd)

These accounting policies are applied on and after the initial application date of FRS 115, 1 April 2018:

Revenue is measured based on the consideration to which the company expects to be entitled in exchange for transferring promised services to a customer.

Revenue is recognised when the company satisfies a performance obligation by transferring a promised services to the customer. A performance obligation is satisfied over a period of time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

- (i) Royalty income from trademarks and copyrights is recognised when services are rendered to customers and all criteria for acceptance have been satisfied over a period of time.
- (ii) Dividend income is recognised when the right to receive payment is established.
- (iii) Interest income is recognised using the effective interest method.

(l) Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when it affects neither the taxable profit nor the accounting profit at the time of the transaction.

A deferred income tax liability is recognised for all taxable temporary differences.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 MARCH 2019 (...CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

(l) Income taxes (...cont'd)

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and
- (ii) based on the tax consequence that will follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the profit or loss.

(m) Related parties

A related party is defined as follows:

- (i) A person or a close member of that person's family is related to the company if that person:
 - (a) Has control or joint control over the company
 - (b) Has significant influence over the company; or
 - (c) Is a member of the key management personnel of the company or of a parent of the company.

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2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

(m) Related parties (...cont'd)

(ii) An entity is related to the company if any of the following conditions applies:

- (a) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (c) Both entities are joint ventures of the same third party.
- (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (e) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company.
- (f) The entity is controlled or jointly controlled by a person identified in (i).
- (g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (h) The entity, or any member of a group of which it is a part, provides key management personnel services to the company or to the parent of the company.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
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3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The presentation of financial statements in conforming with FRS requires the use of certain critical accounting estimates, assumptions and judgements in applying the accounting policies. These estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The following are the critical accounting estimates, assumptions and judgements for the preparation of financial statements:

(a) Critical judgment in applying the entity's accounting policies

In the process of applying the company's accounting policy which are described in Note 2 above, management is of the opinion that there are no critical judgements involved, apart from involving estimations that have a significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Income taxes

Significant judgement is involved in determining the company's provision for income taxes. The company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provision in the financial year in which such determination is made.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
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**3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS
(...CONT'D)**

(b) Key sources of estimation uncertainty (...cont'd)

(ii) Impairment of non-financial assets

Investments in subsidiaries and intangible assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

Determining whether the investments in subsidiaries and intangible assets are impaired requires an estimation of value-in-use of the investments in subsidiaries and intangible assets. The value-in-use calculation requires the management to estimate the future cash flows and appropriate discount rate in order to calculate the present value of future cash flows. The management has evaluated such estimates and is confident that no allowance for impairment is necessary.

The carrying amounts of the company's investments in subsidiaries and intangible assets at the end of the reporting period are disclosed in Note 7 and 8, respectively, to the financial statements.

(iii) Intangible assets

Management reviews the useful lives of the trademarks and copyrights at the end of each financial year to determine whether events and circumstances continue to support their indefinite useful lives. If they do not, the change in the useful life assessment from indefinite to finite shall be accounted for as a change in accounting estimate.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 MARCH 2019 (...CONT'D)**

4. CASH AT BANK

The carrying amounts of cash at bank approximate their fair value and are denominated in the following currencies:

	<u>2019</u> US\$	<u>2018</u> US\$
Singapore dollars	27,046	47,425
United States dollars	581,542	3,242,545
	<u>608,588</u>	<u>3,289,970</u>

5. TRADE RECEIVABLES

	<u>2019</u> US\$	<u>2018</u> US\$
Related company – Pidilite USA	<u>42,159</u>	<u>57,247</u>

Trade receivables are mutually agreed between the parties and hence the carrying values are recognised at their original invoiced amount which represents their fair values on initial recognition.

The carrying amounts of trade receivables approximate their fair values and are denominated in United States dollars.

6. LOAN TO SUBSIDIARY

	<u>2019</u> US\$	<u>2018</u> US\$
<u>Current</u>		
Principal	350,000	-
Interest receivable	8,866	-
	<u>358,866</u>	<u>-</u>
<u>Non-current</u>		
Principal	<u>350,000</u>	<u>-</u>
Total	<u>708,866</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
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6. LOAN TO SUBSIDIARY (...CONT'D)

The loan to subsidiary was bearing interest at 4% per annum, unsecured and 1st tranche repayable on 4th December 2019 and 2nd tranche on 4th December 2020.

The carrying amount of the loan to subsidiary approximates its fair value and was denominated in United States dollars.

7. INVESTMENTS IN SUBSIDIARIES

	<u>2019</u> US\$	<u>2018</u> US\$
Unquoted equity investments, at cost:		
At beginning of the year	22,202,248	19,711,732
Additions during the year	1,176,378	2,490,516
At end of the year	23,378,626	22,202,248

The details of the subsidiaries are as follows:

<u>Name of subsidiary</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Percentage of equity held</u>	
			<u>2019</u> %	<u>2018</u> %
Pidilite Bamco Limited	Thailand	Manufacturing and distributing seepage-proof and rust-proof asphalt.	99.99	99.99
Pidilite Speciality Chemicals Bangladesh Private Limited	Bangladesh	Manufacturing, marketing and selling all kind of dyes and other colouring materials, chemicals, chemical compounds and adhesives.	99	99
PT. Pidilite Indonesia	Indonesia	Selling adhesives, sealants, resins and special chemical products.	99	99
Pidilite Innovation Centre Pte. Ltd.	Singapore	Research and development on chemicals including manufacturing and trading of waterproofing and emulsion paints.	100	100

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7. INVESTMENTS IN SUBSIDIARIES (...CONT'D)

The details of the subsidiaries are as follows:

<u>Name of subsidiary</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Percentage of equity held</u>	
			<u>2019</u> %	<u>2018</u> %
Bamco Supply and Services Limited <small>Note 1</small>	Thailand	Supply seepage proof products and chemical, and provide installation services for seepage proof and heat resistant system.	49	49
Pidilite Industries Egypt – S.A.E	Egypt	Producing and packing all kinds of resins and adhesives as well as sealants, paints, building chemicals and all related materials.	97	97
Pidilite Industries Trading (Shanghai) Co. Ltd.	China	Wholesale, commission agency (excluding auction) and import & export of adhesive, sealants, construction and paint chemicals.	100	100
Pidilite Lanka (Private) Limited <small>Note 2</small>	Sri Lanka	Sale of manufactured and imported adhesive products	76	76
Nebula East Africa Private Limited	Kenya	Production and sale of adhesive and chemical products	99	99

Notes

- As the company exercises control over the financial and operating policies of Bamco Supply and Services Limited and would be obtaining benefits from this investment, it has been recognised as a investment in subsidiary even though percentage of equity held in it is less than 50%; which is in accordance with the requirement of Singapore Financial Reporting Standards.
- During the financial year, the company invested an additional US\$1,176,378 (Sri Lankan Rupee 199,419,210) in the share capital of Pidilite Lanka (Private) Limited.

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8. INTANGIBLE ASSETS

	<u>2019</u> US\$	<u>2018</u> US\$
At the beginning of the year	56,935	958,867
Disposal	-	(901,932)
At the end of the year	<u>56,935</u>	<u>56,935</u>

Intangible assets refer to trademarks and copyrights acquired from third parties. The directors are of the opinion that the useful lives of the intangible assets are indefinite. The useful lives of the trademarks and copyrights are reviewed at the end of each financial year to determine whether events and circumstances continue to support their indefinite useful lives.

9. OTHER PAYABLES

	<u>2019</u> US\$	<u>2018</u> US\$
Accruals for operating expenses	17,607	22,842
Amount due to related company - Pidilite Innovation Centre Pte Ltd	1,036	1,361
Amount due to holding company - Pidilite Industries Limited	-	180
	<u>18,643</u>	<u>24,383</u>

The carrying amounts of other payables approximate their fair values and are denominated in Singapore dollar.

Amount due to related company and holding company are non-trade in nature, unsecured, interest-free, repayable in demand and are denominated in Singapore dollar.

10. SHARE CAPITAL

	<u>2019</u> Number of ordinary shares	<u>2018</u> Number of ordinary shares	<u>2019</u> US\$	<u>2018</u> US\$
Issued				
At the beginning of the year	23,002,766	20,562,716	24,081,494	21,641,444
Issuance of ordinary shares	590,000	2,440,050	590,000	2,440,050
At the end of the year	<u>23,592,766</u>	<u>23,002,766</u>	<u>24,671,494</u>	<u>24,081,494</u>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
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10. SHARE CAPITAL (...CONT'D)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

During the financial year, the company increased its paid up share capital from US\$24,081,494 to US\$24,671,494 by way of further allotment of shares for a total cash consideration of US\$590,000, to provide additional working capital and further investments in subsidiaries.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All shares rank equally with regard to the company's residual assets.

11. SHARE APPLICATION MONIES

These represented advances received from shareholders as additional funding for the company's working capital and operational activities. During the prior year, an amount of US\$720,050 were converted into share capital (Note 10).

The carrying amounts of shares application monies represented their costs.

12. OPERATING EXPENSES

	<u>2019</u> US\$	<u>2018</u> US\$
Accounting fee	2,413	1,074
Legal and professional fees	35,370	77,883
Others	15,043	18,884
	<u>52,826</u>	<u>97,841</u>

13. INCOME TAX EXPENSE

	<u>2019</u> US\$	<u>2018</u> US\$
Current income tax	1,100	2,000
Foreign tax paid	-	1,158
	<u>1,100</u>	<u>3,158</u>

The current period income tax expense varied from the amount of income tax determined by applying the applicable Singapore statutory income tax rate of 17% (2018: 17%) to the profit before income tax as a result of the following differences:

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13. INCOME TAX EXPENSE (...CONT'D)

	<u>2019</u> US\$	<u>2018</u> US\$
Profit before income tax	<u>6,704</u>	<u>1,048,013</u>
Income tax expense at applicable rate	1,140	178,162
Non-taxable items	1,676	(171,715)
Exempt income	(1,721)	(3,537)
Foreign tax paid	-	1,158
Tax rebate	-	(514)
Tax credit	-	(338)
Others	5	(58)
	<u>1,100</u>	<u>3,158</u>

14. DIVIDEND

	<u>2019</u> US\$	<u>2018</u> US\$
Interim (one-tier) dividend for 2019: US\$ 0.06 per share (2018: US\$ NIL per share)	<u>1,400,000</u>	<u>-</u>

15. IMMEDIATE AND ULTIMATE HOLDING COMPANY

The company's immediate and ultimate holding company is Pidilite Industries Limited, a company incorporated in India.

16. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the company had transactions with the holding company and related companies on terms agreed between them with respect to the following during the financial year.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
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16. RELATED PARTY TRANSACTIONS (...CONT'D)

	<u>2019</u> US\$	<u>2018</u> US\$
Loan to subsidiary	700,000	-
Interest income from subsidiary	8,866	6,795
Reimbursement of professional fees paid by related company – Pidilite USA	8,505	38,642
Reimbursement of expenses paid by Related companu – Pidilite Innovation Centre	2,413	-
Reimbursement of expenses paid by holding company – Pidilite Industries limited	-	180
Royalty income from related company - Pidilite USA	50,664	86,777
Royalty income from holding company - Pidilite Industries limited	<u>-</u>	<u>6,214</u>

Related company is a company with common directors.

17. FINANCIAL RISK MANAGEMENT

Financial risk factors

The company's activities expose it to market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The company's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the company's financial performance.

a) Market risk

(i) Foreign currency risk

The company is subject to various currency exposures, primarily with respect to the Singapore dollars. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not in the entity's functional currency.

The company does not use any hedging instruments to protect against the volatility associated with the foreign currency transactions.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
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17. FINANCIAL RISK MANAGEMENT (...CONT'D)

a) Market risk (...cont'd)

(i) Foreign currency risk (...cont'd)

The company's significant currency exposure based on the information provided to key management is to Singapore dollars, which is as follows:

	US\$
<u>2019</u>	
Financial asset	
Cash at bank	27,046
Financial liability	
Other payables	(18,643)
Net currency exposure	8,403
<u>2018</u>	
Financial asset	
Cash at bank	47,425
Financial liability	
Other payables	(24,383)
Net currency exposure	23,042

If the Singapore dollar had strengthened/weakened by 3% (2018: 6%) against the United States dollar with all other variables including tax rate being held constant, the company's profit after tax for the financial year would have been approximately US\$250 (2018: US\$1,400) higher/lower as a result of currency translation gains/losses.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 MARCH 2019 (...CONT'D)**

17. FINANCIAL RISK MANAGEMENT (...CONT'D)

a) Market risk (...cont'd)

(ii) Interest rate risk

During the year, the company's exposure to interest rate risk arises from its loan to subsidiary (Note 6). The company's policy is to obtain the most favourable interest rates available. If interest rates had been 50 basis points higher/lower and all other variables were held constant, the company's profit after tax for the financial year would increase/decrease by approximately US\$3,500.

As at the end of the reporting period, the company has no significant exposure to market risk for changes in interest rate, as there are no interests bearing borrowing. Hence, no sensitivity analysis adjustment made.

b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The major classes of financial assets of the company are cash at bank, trade and other receivables and loan to subsidiaries. For bank balances, they are placed with regulated banks. For credit exposures to related companies and subsidiaries, management assesses the credit quality and ensure corporate governance across all its related companies/subsidiaries, taking into account its financial position, past experience and other factors.

As the company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

The significant trade receivables of the company comprise 1 debtor (2018: 1 debtor) that represented 100% (2018: 100%) of trade receivables.

The carrying amount of trade receivables represents the company's maximum exposure to credit risk.

Cash at bank, other receivables and loan to subsidiary are subject to immaterial credit loss.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 MARCH 2019 (...CONT'D)**

17. FINANCIAL RISK MANAGEMENT (...CONT'D)

b) Credit risk (...cont'd)

Based on assessment of qualitative and quantitative factors that are indicative of the risk of default (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections, and available press information, if available, and applying experienced credit judgement), these exposures are considered to have low risk credit risk. Therefore impairment on these balances has been measured on the 12 months expected credit loss basis, and the amount of the allowance is insignificant.

The credit risk for trade receivables based on the information provided to key management is as follows:

	<u>2019</u> US\$	<u>2018</u> US\$
<u>By geographical area</u>		
United States of America	42,159	57,247

The Company's credit risk exposure in related to financial assets under FRS 39 as at 31 March 2018 are set out as follows:

Financial assets that are neither past due nor impaired

The Company's trade receivables that are neither past due nor impaired include receivables amounting to US\$57,247

Financial assets that are past due and/or impaired

The ageing analysis for the trade receivables past due but not impaired is as follows:

	US\$
Current	57,247

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
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17. FINANCIAL RISK MANAGEMENT (...CONT'D)

c) *Liquidity risk*

Liquidity risk refers to the risk in which the company may not be able to meet its short-term obligations. In the management of liquidity risk, the company monitors and maintains a level of cash and bank balances deemed adequate by the management to finance the company's operations and mitigate effects of fluctuations in cash flows.

	<u>2019</u>	<u>2018</u>
	US\$	US\$
<u>Less than 1 year</u>		
Other payables	18,643	24,383
	18,643	24,383

The company manages its liquidity risk from the funds generated from its operations. The directors believe that the company will have sufficient liquidity from its operations and funding from holding company to meet its financial obligations when they fall due.

d) *Fair value measurement*

The carrying amounts of cash at bank, trade receivables, loan to subsidiary and other payables approximate their fair values due to their short-term nature.

e) *Categories of financial instruments*

The following table sets out the company's financial instruments as at the end of the reporting period:

	<u>2019</u>
	US\$
Financial assets, at amortised cost	1,359,613
Financial liability, at amortised cost	18,643
	<u>2018</u>
	US\$
Loans and receivables	3,347,217
Financial liability, at amortised cost	24,383

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
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18. CAPITAL RISK MANAGEMENT

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the company may adjust the amount of dividend payment, return of capital to shareholder, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The company is not subject to externally imposed capital requirements as at 31 March 2019 and the overall strategy remained unchanged from 2018.

19. STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the Company has not applied those FRSs and INT FRSs that have been issued but are effective only in next financial year. The Company expects the adoption of the standards will have no financial effect on the financial statements in the period of initial application.