

**ASTRAL BIOCHEM PRIVATE**  
**LIMITED**

**Financial Statements**

**For**

**FY 2015-16**



**N. GAMADIA & CO.**  
CHARTERED ACCOUNTANTS

CA. Nilesht Gupta  
B.Com., FCA, DISA (ICAI)  
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CA. Bhavik Shah  
B.com., LL.B., FCA, DISA (ICAI)  
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## INDEPENDENT AUDITOR'S REPORT

To,  
The Members of Astral Biochem Private Limited,  
Ahmedabad.

### Report on Financial Statements

We have audited the accompanying standalone financial statements of Astral Biochem Private Limited ("the Company") which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The company's Board of Directors is responsible for the matters stated in section 134 (5) of the Companies Act 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting principles generally accepted in India including the accounting standards specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



## Auditor's Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and the matters which are required to be included in the audit report under the provisions of the act and the Rules made thereunder.

We conducted our audit in accordance with the standards on auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit/loss and its cash flows for the year ended on that date.



**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of sub-section (11) of section 143 of the Companies Act 2013, we give in the 'Annexure – A', a statement on the matters specified in paragraphs 3 and 4 of the said Order.
2. As required by section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors as on March 31, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act.
  - f. With respect to the adequacy of internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in 'Annexure – B'.



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

1. The company does not have any pending litigations which would impact its financial position.
2. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
3. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



For, N. Gamadia & Co.  
Chartered Accountants  
FRN: 116075W

CA Nilesh Gupta  
(Partner)  
M. No. 100426

Date: 14/05/2016  
Place: Ahmedabad

**ANNEXURE – A TO THE AUDITOR'S REPORT**

Referred to in point no. 1 of our report of even date to the members of **Astral Biochem Private Limited.**

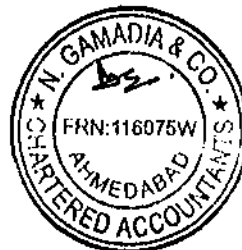
1. Having regard to the nature of the Company's business, clauses (ii), (vi), (viii) and (xii) of paragraph 3 of the CARO 2016 do not apply to the Company.
2.
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
  - (b) As the company's project is in start up phase, expenditure incurred during the year is shown as Pre- Operative expenses awaiting capitalization under the Capital work-in-progress.
  - (c) As per the information and explanation provided to us, the title deeds of immovable properties are held in the name of the Company.
3. The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in register maintained under section 189 of the Companies Act.
4. The Company has complied with provisions of Section 185 and 186 of Companies Act, 2013 in respect of loans, guarantees, investments and securities, if any.
5. The Company has accepted the deposits and has complied with the directives issued by the Reserve Bank of India and the provisions of the section 73 to 76 and other relevant provisions of the Companies Act, 2013 and the rules framed thereunder, wherever applicable.



6. (a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employee's State Insurance, Income-Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues applicable to it to appropriate authorities.

According to the information and explanations given, no undisputed amounts payable in respect of Income Tax, Sales Tax, Value Added Tax, Service Tax, Custom Duty, Excise Duty and Cess were outstanding as at 31<sup>st</sup> march 2016 for a period of more than six months from the date they became payable.


- (b) According to the records of the company, there are no dues of income tax, wealth tax, sales tax, service tax, value added tax, custom duty, excise duty or cess which have not been deposited on account of any dispute.
7. According to the information and explanation given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and the Company has not obtained any term loan during the year.
8. According to the information and explanation given to us, no fraud by the company or on the Company by its officers or employees has been noticed or reported during the year.
9. According to the information and explanations given to us, the Company has not paid any managerial remuneration during the year.
10. All transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 wherever applicable and the details have been disclosed in the Financial Statements.
11. According to the information and explanation given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.



12. According to information and explanation provided to us, the company has not entered into any non-cash transactions with directors.
13. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934, not being a Non-Banking Financial Institution.



For, N. Gamadia & Co.  
Chartered Accountants  
FRN: 116075W

  
CA Nilesh Gupta  
(Partner)  
M. No. 100426

Date: 14/05/2016  
Place: Ahmedabad



**ANNEXURE – B TO THE AUDITOR'S REPORT****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Astral Biochem Private Limited ('the company') as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.



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

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

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur



and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For, N. Gamadia & Co.  
Chartered Accountants  
FRN: 116075W



CA Nilesh Gupta  
(Partner)  
M. No. 100426

Date: 14/05/2016  
Place: Ahmedabad

**ASTRAL BIOCHEM PRIVATE LIMITED**

**Balance Sheet As At 31st March , 2016**

Particulars	Note	As at 31st Mar, 2016	As at 31st March, 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>Share Holders' Funds</b>			
Share Capital	1	5.00	5.00
Reserves & Surplus		-	-
<b>Non Current Liabilities</b>			
Long Term Borrowings	2	529.79	520.73
<b>Current Liabilities</b>			
Other Current Liabilities	3	0.34	0.11
<b>Total</b>		<b>535.13</b>	<b>525.84</b>
<b>II. ASSETS</b>			
<b>Non Current Assets</b>			
Fixed Assets	4		
Tangible Assets		441.71	439.00
Capital Work-in-Progress		92.26	84.77
Long Term Loans and Advances	5	0.50	0.50
<b>Current Assets</b>			
Cash and Cash Equivalents	6	0.66	1.57
<b>Total</b>		<b>535.13</b>	<b>525.84</b>
<b>Significant Accounting Policies</b>			
<b>Notes on Accounts</b>	1 to 11		

As per our report of even date

For, N. Gamadia & Co  
Chartered Accountants

  
(CA Nilesh Gupta)

Partner

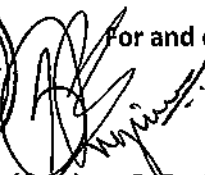
Membership No.: 100426

F.R. No : 116075W

Place : Ahmedabad

Date : 14/05/2016



  
(Sandeep P. Engineer)

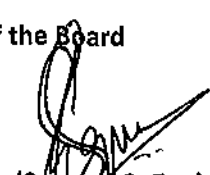
Director

DIN : 00067112

Place : Ahmedabad

Date : 14/05/2016

For and on behalf of the Board

  
(Saumya S. Engineer)

Director

DIN : 03105129

**ASTRAL BIOCHEM PRIVATE LIMITED**

**Statement of Profit and Loss for the Period Ended on 31st March , 2016**

**(Rs. In Lacs)**

Particulars	Note	2015-16	2014-15
Income		-	-
<b>Total</b>		-	-
Financial Costs	7	1.67	0.02
Other Expenses	8	1.20	0.23
<b>Total</b>		2.87	0.25
Tr. To Pre-Operative Expenses (CWIP in Fixed Assets)		2.87	0.25
Significant Accounting Policies			
Notes on Accounts	<b>1 to 11</b>		

As per our report of even date

For, N. Gamadia & Co  
Chartered Accountants

( CA Nilesh Gupta)

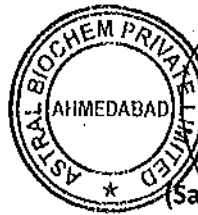
Partner

Membership No.: 100426

F.R. No : 116075W

Place : Ahmedabad

Date : 14/05/2016



For and on behalf of the Board

(Sandeep P. Engineer)

Director

DIN : 00067112

(Saumya S. Engineer)

Director

DIN : 03105129

Place : Ahmedabad

Date : 14/05/2016

**ASTRAL BIOCHEM PRIVATE LIMITED**

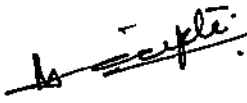
**CASH FLOW STATEMENT FOR THE PERIOD ENDED ON 31ST MARCH 2016**

(Rs. In Lacs)

No.	PARTICULARS	2015-16	2014-15
A.	Cash flow from Operating Activities		
	Net Profit after tax and Extraordinary items	-	-
	Adjustment For:		
	Increase /(Decrease) in trade Payables	0.23	0.01
	Net cash from operating Activities	0.23	0.01
B.	Cash flow from Investing Activities:		
	Purchase of Fixed Assets	(2.71)	-
	Capital work-in-progress	(7.49)	(15.08)
	Net Cash used in Investing Activities	(10.20)	(15.08)
C.	Cash Flow from Financing Activities :		
	Proceeds from Long-term borrowings	9.06	15.05
	Net Cash flow from Financing Activities	9.06	15.05
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT ( A+B+C )	(0.91)	(0.02)
	Cash and Cash Equivalent At the Beginning of the Period	1.57	1.59
	Cash and Cash Equivalent At the End of the Period	0.66	1.57

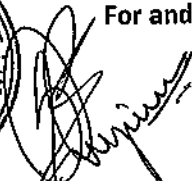
As per our report of even date


For, N Gamadia & Co  
Chartered Accountants

  
(CA Nilesh Gupta )  
Partner  
Membership No.: 100426  
F.R. No : 116075W



For and on behalf of the Board

  
(Sandeep P. Engineer)  
Director  
DIN : 00067112

  
(Saumya S. Engineer)  
Director  
DIN : 03105129

Place : Ahmedabad  
Date : 14/05/2016

**ASTRAL BIOCHEM PRIVATE LIMITED**

**Notes on accounts for the Period Ended on 31st March, 2016**

**1 SHARE CAPITAL**

**(Rs. In Lacs)**

Particulars	As at 31st Mar, 2016	As at 31st March, 2015
<b>Authorised Share Capital</b>		
Equity Share Capital 50,000 Equity Shares (P.Y. 50,000 Equity Shares) of Rs.10/- each	5.00	5.00
<b>Issued, Subscribed &amp; Fully Paid Share Capital</b>		
Equity Share Capital 50,000 Equity Shares (P.Y. 50,000 Equity Shares) of Rs.10/- each fully paid up	5.00	5.00
<b>Total</b>	<b>5.00</b>	<b>5.00</b>

- a) The details of shareholder holding more than 5% shares as at March 31, 2016 and March 31, 2015 is set out below.

Sr. No.	Name of Shareholders	As at 31st Mar, 2016	As at 31st March, 2015
1	Astral Poly Technik Limited - No. of Shares - % of Shares Held	50,000.00 100%	50,000.00 100%

**2 LONG TERM BORROWINGS**

**(Rs. In Lacs)**

Particulars	As at 31st Mar, 2016	As at 31st March, 2015
<b>Unsecured</b>		
Loans and Advances from Related Parties Astral Poly Technik Limited - The Holding Company	529.79	520.73
<b>Total</b>	<b>529.79</b>	<b>520.73</b>

- a) There are no stipulations as to repayment of loan.

**3 OTHER CURRENT LIABILITIES**

**(Rs. In Lacs)**

Particulars	As at 31st Mar, 2016	As at 31st March, 2015
<b>Other Liabilities</b>		
Statutory remittances	0.16	-
Other Payables	0.17	0.11
<b>Total</b>	<b>0.34</b>	<b>0.11</b>



#### 4. FIXED ASSETS

Assets	Gross Block				Depreciation			Net Block	
	As At 1st April, 2015	Additions	Deductions/ Adjustments	As At 31st Mar 2016	As At 1st April, 2015	For the year	As At 31st Mar 2016	As At 31st Dec 2016	As At 31st Mar 2015
Leasehold Land	426.58	-	-	426.58	-	-	-	426.58	426.58
Land Development	12.42	2.71	-	15.13	-	-	-	15.13	12.42
<b>Total</b>	<b>439.00</b>	<b>2.71</b>	<b>-</b>	<b>441.71</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>441.71</b>	<b>439.00</b>
Capital Work-In-Progress								92.26	84.77
<b>Total</b>	<b>439.00</b>	<b>2.71</b>	<b>-</b>	<b>441.71</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>533.97</b>	<b>523.77</b>
Previous Year	439.00	-	-	439.00	-	-	-	523.77	

1) Capital Work In Progress includes Rs.86.01 lacs (Previous Year Rs. 78.52 Lacs) on account of Pre-Operative Expenses.





**ASTRAL BIOCHEM PRIVATE LIMITED**

**5 LONG TERM LOANS AND ADVANCES**

(Rs. In Lacs)

Particulars	As at 31st Mar, 2016	As at 31st March, 2015
Deposit		
G.I.D.C. - Deposit - Land	0.50	0.50
<b>Total</b>	<b>0.50</b>	<b>0.50</b>

**6 CASH AND CASH EQUIVALENTS**

(Rs. In Lacs)

Particulars	As at 31st Mar, 2016	As at 31st March, 2015
Cash on hand	0.08	0.02
Balances with banks	0.58	1.55
<b>Total</b>	<b>0.66</b>	<b>1.57</b>

**7 FINANCIAL COSTS**

(Rs. In Lacs)

Particulars	2015-16	2014-15
Bank Charges	0.02	-
Interest Expenses*	1.65	0.02
<b>Total</b>	<b>1.67</b>	<b>0.02</b>

\* Interest Expense pertains to the Related Party - Astral Poly Technik Limited

**8 OTHER EXPENSES**

(Rs. In Lacs)

Particulars	2015-16	2014-15
Payment to Auditors	0.23	0.17
Legal Expenses	0.09	0.06
Rent Expenses*	0.88	-
<b>Total</b>	<b>1.20</b>	<b>0.23</b>

\* Rent Expense pertains to the Related Party - Astral Poly Technik Limited

**\* Payment to Auditors:**

(Rs. In Lacs)

Particulars	2015-16	2014-15
For Statutory Audit	0.11	0.11
For Other Services	0.12	0.06
	<b>0.23</b>	<b>0.17</b>



# ASTRAL BIOCHEM PRIVATE LIMITED

F.Y.: 2015-16

## Significant Accounting Policies

### (a) Accounting Policies:

The Company generally follows the Mercantile System of Accounting and recognizes Income & Expenditure on accrual Basis, except otherwise stated.

The financial statements are prepared on historical cost basis and following the generally accepted accounting principles.

### (b) Fixed Assets:

Fixed Assets are stated at historical costs less accumulated depreciation. All cost relating to acquisition and installation of fixed assets, if any, till the assets get ready for their intended use are capitalized.

### (c) Taxation:

Provision for Income-tax is made in accordance with the tax provisions of the Indian Income Tax Act, 1961 applicable to the relevant assessment year.

Deferred tax liabilities/Assets is recognized subject to the consideration of prudence, on timing differences being the difference between taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent periods.

### (d) Pre-Operative Expenses:

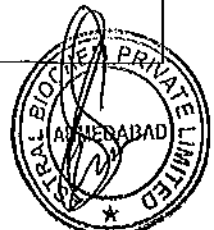
As the company is yet to commence its commercial operations, expenses incurred have been transferred to Pre-Operative Expenditure. The same will be capitalized once the operations of the company are started.

9. There is no contingent liability not provided for in the books except otherwise stated.

## 10. Related Party Transactions:-

### 1. Name of Parties and relationships

Sr. No.	Description of Relationship	Names of Related Parties
a.	Holding Company	Astral Poly Technik Limited
b.	Fellow Subsidiaries & Associates	Resinova Chemie Limited (Formerly known as Advanced Adhesives Limited) Seal It Services Ltd Saumya Polymers LLP
c.	Key Management Personnel	Mr. Sandeep P. Engineer Mr. Kairav S. Engineer Mr. Saumya S. Engineer Mrs. Jagruti S. Engineer Mrs. Hansa Engineer



# ASTRAL BIOCHEM PRIVATE LIMITED

**F.Y.: 2015-16**

## 2. Details of related party transactions during the year ended 31<sup>st</sup> March, 2016:-

(Rs. In Lacs)					
Sr. No	Particulars	Related Referred in			
		1(a) above	1(b) above	1(c) above	TOTAL
1.	<b>Unsecured Loans Taken</b>				
	Astral Poly Technik Limited	9.58	-	-	9.58
		(15.03)	-	-	(15.03)
2.	<b>Interest on Loan Taken</b>				
	Astral Poly Technik Limited	1.48	-	-	1.48
		(0.02)	-	-	(0.02)
3.	<b>Unsecured Loan Paid</b>				
	Astral Poly Technik Limited	2.00	-	-	2.00
		-	-	-	-
4.	<b>Rent Paid</b>				
	Astral Poly Technik Limited	0.88	-	-	0.88
		-	-	-	-

## Details of related party transactions outstanding balances as at 31<sup>st</sup> March, 2016:-

(Rs. In Lacs)					
Sr. No	Particulars	Related Referred in			
		1(a) above	1(b) above	1(c) above	TOTAL
1.	<b>Equity Share Capital</b>				
	Astral Poly Technik Limited	5.00	-	-	5.00
		(5.00)	-	-	(5.00)
2.	<b>Unsecured Loans</b>				
	Astral Poly Technik Limited	529.79	-	-	529.79
		(520.73)	-	-	(520.73)

Figures in brackets relates to the previous years.

11. Previous year balances have been regrouped, rearranged and reclassified wherever required to make them comparable.

As Per our report of even date

For, N. Gamadia & Co.  
Chartered Accountants

(CA Nilesh Gupta)  
Partner  
Membership No.100426  
F.R.NO : 116075W

Place: Ahmedabad  
Date: 14/05/2016



For, Astral Biochem Private Limited  
(Sandeep P. Engineer)  
Director  
DIN: 00067112

(Saumya S. Engineer)  
Director  
DIN: 03105129

Place: Ahmedabad  
Date: 14/05/2016

**RESINOVA CHEMIE LIMITED**

**Financial Statements**

**For**

**FY 2015-16**



**N. GAMADIA & CO.**  
CHARTERED ACCOUNTANTS

**CA. Nilesh Gupta**  
B.Com., FCA, DISA (ICAI)  
e-mail : nileshgupta@ngamadia.com  
**CA. Bhavik Shah**  
B.com., LL.B., FCA, DISA (ICAI)  
email : bhavikshah@ngamadia.com

## INDEPENDENT AUDITOR'S REPORT

To,  
**The Members of Resinova Chemie Limited,**  
**(Formerly known as Advanced Adhesives Limited)**  
**Ahmedabad.**

### Report on Financial Statements

We have audited the accompanying financial statements of Resinova Chemie Limited (Formerly known as Advanced Adhesives Limited) ("the Company") which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The company's Board of Directors is responsible for the matters stated in section 134 (5) of the Companies Act 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting principles generally accepted in India including the accounting standards specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



## Auditor's Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and the matters which are required to be included in the audit report under the provisions of the act and the Rules made thereunder.

We conducted our audit in accordance with the standards on auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit/loss and its cash flows for the year ended on that date.



## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of sub-section (11) of section 143 of the Companies Act 2013, we give in the 'Annexure – A', a statement on the matters specified in paragraphs 3 and 4 of the said Order.
2. As required by section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors as on March 31, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act.
  - f. With respect to the adequacy of internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in 'Annexure – B'.
  - g. With respect to the other matters to be included in the auditor's report in accordance with Rule 11 of the Companies (Audit and



Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

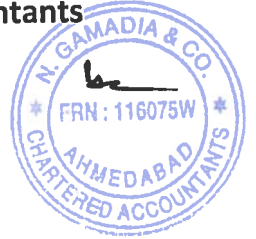
1. The company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note. 24 to the financial statements.
2. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
3. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Date: 24/05/2016  
Place: Ahmedabad

For, N. Gamadia & Co.  
Chartered Accountants  
FRN: 116075W



CA Nilesh Gupta  
(Partner)  
M. No. 100426





**ANNEXURE – A TO THE AUDITOR’S REPORT**

Referred to in point no. 1 of our report of even date to the members of **Resinova Chemie Limited (Formerly known as Advanced Adhesives Limited)**.

1. Having regard to the nature of the Company’s business, clauses (xii) of paragraph 3 of the CARO 2016 do not apply to the Company.
2.
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
  - (b) All the Fixed Assets have not been physically verified by the management during the year but there is a regular program of verification, which in our opinion, is reasonable having regard to the size of the Company and the nature of its Assets. As explained to us, no material discrepancies were noticed on such physical verification.
  - (c) As per the information and explanation provided to us, the title deeds of immovable properties are held in the name of the Company.
3. As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable and the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the Company is maintaining proper records of inventory and the discrepancies noticed on physical verification of inventory as compared with the book records were not material and have been properly dealt with in the books of account.



4. The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in register maintained under section 189 of the Companies Act.
5. The Company has complied with provisions of Section 185 and 186 of Companies Act, 2013 in respect of loans, guarantees, investments and securities.
6. The Company has not accepted any deposits during the year, therefore the directives issued by the Reserve Bank of India and the provisions of the section 73 to 76 and other relevant provisions of the Companies Act, 2013 and the rules framed thereunder will not be applicable.
7. As per the information and explanations provided to us, provisions relating to maintenance of Cost records are not applicable to the Company.
8. (a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employee's State Insurance, Income-Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues applicable to it to appropriate authorities.
- (b) According to the records of the company, there are following dues of income tax, sales tax, service tax, value added tax, custom duty, excise duty or cess which have not been deposited on account of any dispute:

Name of the Statute	Nature of the Dues	Amount (Rs. In lacs)	Period to which the amount relates	Forum where dispute is pending	Remarks
Central Excise Act, 1944	Excise Duty	6.49	January, 2009 to August, 2013	Commissioner (Appeal) Central Excise	Rs. 0.49 Lacs is deposited under protest.



UP Stamp Act	ADM (Finance)	7.04	FY 2007-08	High Court (Allahabad)	Rs. 2.40 Lacs deposited as Security deposit.
West Bengal Entry Tax Act	Entry Tax	26.14	FY 2014-15	High Court (West Bengal)	
UP Sales Tax Act	Sales Tax	14.60	FY 2014-15	Assistant Commissioner of Sales Tax	Rs. 3.10 Lacs paid as security deposit
West Bengal Sales Tax Act	Sales Tax	2.82	F.Y.2005-06	Tax Tribunal	
West Bengal Sales Tax Act	Sales Tax	5.66	F.Y.2006-07	Tax Board	
Finance Act, 1994	Service Tax	4.15	FY 2015-16	Asst. Commissioner, Central Excise, Kanpur	

9. The Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, Government dues or debenture holders.
10. According to the information and explanation given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and the Company has not obtained any term loan during the year.
11. According to the information and explanation given to us, no fraud by the company or on the Company by its officers or employees has been noticed or reported during the year.
12. According to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
13. All transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 wherever applicable and the details have been disclosed in the Financial Statements.



14. According to the information and explanation given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to information and explanation provided to us, the company has not entered into any non-cash transactions with directors.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934, not being a Non-Banking Financial Institution.

Date: 24/05/2016  
Place: Ahmedabad

For, N. Gamadia & Co.  
Chartered Accountants  
FRN: 116075W

  
CA Nilesh Gupta  
(Partner)  
M. No. 100426



**ANNEXURE – B TO THE AUDITOR'S REPORT****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Resinova Chemie Limited (Formerly known as Advanced Adhesives Limited) ('the company') as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established



and maintained and if such controls operated effectively in all material respects.

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

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

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



## Inherent Limitations of Internal Financial Controls over Financial Reporting

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

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Date: 24/05/2016  
Place: Ahmedabad

For, N. Gamadia & Co.  
Chartered Accountants  
FRN: 116075W

  
CA Nilesh Gupta  
(Partner)  
M. No. 100426





**RESINOVA CHEMIE LIMITED ( FORMERLY KNOWN AS ADVANCED ADHESIVES LIMITED)**

**BALANCE SHEET AS AT 31ST MARCH, 2016**

(Rs. In Lacs)

Particulars	Note	As at 31st March, 2016	As at 31st March, 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>Share Holders' Funds</b>			
Share Capital	1	29.39	29.39
Reserves and Surplus	2	30,006.46	30,913.16
		<b>30,035.85</b>	<b>30,942.55</b>
<b>Non Current Liabilities</b>			
Other Long Term Liabilities	3	46.50	32.50
Long Term Provisions (Employee Benefits)		66.52	87.97
		<b>113.02</b>	<b>120.47</b>
<b>Current Liabilities</b>			
Short Term Borrowings	4	-	1,620.06
Trade Payables	5	-	-
a) Total outstanding dues of Micro & small enterprises		-	-
b) Total outstanding dues of creditors other than Micro & small enterprises		3,560.52	2,233.36
Other Current Liabilities	6	731.30	699.95
Short Term Provisions	7	69.25	7.86
		<b>4,361.07</b>	<b>4,561.23</b>
<b>Total</b>		<b>34,509.94</b>	<b>35,624.25</b>
<b>II. ASSETS</b>			
<b>Non Current Assets</b>			
Fixed Assets	8		
Tangible Assets		4,399.72	3,315.31
Intangible Assets		20,750.04	24,429.37
Capital Work-in-progress		682.58	283.72
Deferred Tax Assets (Net)	9	229.10	(40.47)
Long Term Loans and Advances	10	227.77	145.93
		<b>26,289.21</b>	<b>28,133.86</b>
<b>Current Assets</b>			
Inventories	11	5,120.33	4,469.85
Trade Receivables	12	1,615.69	1,756.51
Cash and Cash Equivalents	13	250.41	518.82
Short Term Loans and Advances	14	1,214.36	744.66
Other Current Assets	15	19.94	0.55
		<b>8,220.73</b>	<b>7,490.39</b>
<b>Total</b>		<b>34,509.94</b>	<b>35,624.25</b>
See accompanying notes forming part of the financial statements		1 to 34	

As per our report of even date

For, N. Gamadia & Co.

Chartered Accountants

(CA Nilesh Gupta)

Partner

Membership No.: 100426

F.R.NO : 116075W

Place : Ahmedabad

Date : 24/05/2016

For and on behalf of the Board of Directors

(Vijay S. Parikh)

Managing Director

DIN : 00721950

Place : Kanpur

Date : 23/05/2016

(Santosh S. Engineer)

Director

DIN : 03105129



**RESINOVA CHEMIE LIMITED ( FORMERLY KNOWN AS ADVANCED ADHESIVES LIMITED)**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2016**

(Rs. In Lacs)

Particulars	Note	2015-16	2014-15
<b>INCOME</b>			
Revenue from Operations (Gross)		32,053.51	13,165.67
Less:- Excise Duty		4,661.10	1,934.35
Revenue from Operations (Net)	16	27,392.41	11,231.32
Other Income	17	31.22	9.47
<b>Total</b>		<b>27,423.63</b>	<b>11,240.79</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	18	14,796.20	5,584.94
Purchase of Stock-in-Trade		27.11	-
Changes in Inventories of Finished Goods, Work in Progress and Stock-in-Trade	19	(110.64)	566.07
Employee Benefit Expenses	20	2,175.44	726.91
Finance Costs	21	133.80	62.24
Depreciation and Amortization Expenses	8	3,921.38	1,429.98
Other Expenses	22	7,656.61	2,919.54
<b>Total</b>		<b>28,599.90</b>	<b>11,289.68</b>
<b>Profit/(Loss) Before Tax</b>		<b>(1,176.27)</b>	<b>(48.89)</b>
<b>Tax Expenses:</b>			
(Excess)/Short Provision of Tax in Earlier Years		-	(9.10)
Deferred Tax Liabilities/(Assets)		(269.57)	1.77
<b>Total</b>		<b>(269.57)</b>	<b>(7.33)</b>
<b>Profit/(Loss) for the Year</b>		<b>(906.70)</b>	<b>(41.56)</b>
Earning Per Equity Share: (In Rs.) (Face Value of Rs. 10/- each)			
Basic & Diluted		(308.51)	(30.22)
See accompanying notes forming part of the financial statements	1 to 34		

As per our report of even date

For, N. Gamadia & Co.  
Chartered Accountants.

(CA Nilesh Gupta)

Partner

Membership No.: 100426

F.R.NO : 116075W

Place : Ahmedabad

Date : 24/05/2016

For and on behalf of the Board of Directors

(Vijay S. Parikh)

Managing Director

DIN : 00721950

(Saumya S. Engineer)

Director

DIN : 03105129

Place : Kanpur

Date : 23/05/2016

## RESINOVA CHEMIE LIMITED ( FORMERLY KNOWN AS ADVANCED ADHESIVES LIMITED)

## CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2016

(Rs. In Lacs)

No.	Particulars	2015-16	2014-15
<b>A.</b>	<b>Cash flow from Operating Activities</b>		
	Net Loss Before Tax	(1,176.27)	(48.89)
	Adjustments for:		
	Depreciation	3,921.38	1,429.98
	Bad Debts written off	1.30	6.58
	Finance Costs	133.80	62.24
	Provision for doubtful debts	11.00	7.97
	Sundry Balances (Written off)/Written Back	(6.10)	(8.52)
	Profit on Sale of Fixed Assets	(2.48)	(0.04)
	Gain On sale of Current Investment	(2.41)	-
	Interest received	(1.07)	(0.90)
	<b>Operating profit before Working Capital Changes</b>	<b>2,879.15</b>	<b>1,448.42</b>
	Adjustments for:		
	Increase /(Decrease) in Trade & Other Payables	1,534.09	(129.48)
	(Increase)/Decrease in Inventories	(650.48)	370.03
	(Increase)/Decrease in Long/Short term loans, advances and Current Assets	(424.76)	114.57
	(Increase)/Decrease in Trade Receivables	128.51	(467.11)
	<b>Cash generated from operations</b>	<b>3,466.51</b>	<b>1,336.43</b>
	Direct Taxes Paid	(225.00)	(489.36)
	<b>Net Cash from Operating Activities ( A )</b>	<b>3,241.51</b>	<b>847.07</b>
<b>B.</b>	<b>Cash flow from Investing Activities</b>		
	Sale of Fixed Assets	31.57	0.20
	Purchase of Fixed Assets	(1,743.19)	(432.68)
	Gain On sale of Current Investment	2.41	-
	Interest received	0.02	0.90
	<b>Net Cash used in Investing Activities ( B )</b>	<b>(1,709.19)</b>	<b>(431.58)</b>
<b>C.</b>	<b>Cash Flow from Financing Activities</b>		
	Repayment of Short term Borrowings	(1,620.06)	-
	Finance Costs	(180.67)	(62.24)
	<b>Net Cash flow from Financing Activities ( C )</b>	<b>(1,800.73)</b>	<b>(62.24)</b>
	<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(268.41)</b>	<b>353.25</b>
	Cash and Cash Equivalent At the Beginning of the Period	518.82	165.57
	Cash and Cash Equivalent At the End of the Period	250.41	518.82

## Notes :

- 1 Cash and Cash Equivalents represent Cash and Bank Balances. (Refer Note No. 13)
- 2 The above Cash Flow Statement has been prepared as per Indirect Method as set out in Accounting Standard - 3 on Cash Flow Statements prescribed under Companies (Accounting Standard) Rules, 2006.
- 3 Fixed Deposits of Rs. 11.26 lacs (Previous Year Rs. 0.11 lacs) are under lien with Government Authority and against bank guarantee.
- 4 Previous year's figures have been regrouped and reclassified, wherever necessary, so as to make them comparable.

As per our report of even date

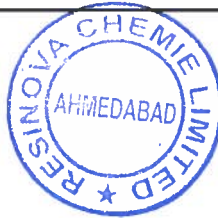
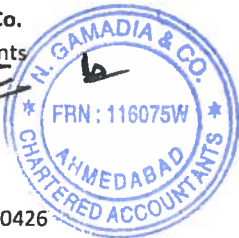
For, N. Gamadia & Co.  
Chartered Accountants
  
(CA Nitesh Gupta )  
Partner

Membership No.: 100426

F.R.NO : 116075W

Place : Ahmedabad

Date : 24/05/2016



For and on behalf of the Board of Directors

  
(Vijay S. Parikh)  
Managing Director  
DIN : 00721950

  
(Saumya S. Engineer)  
Director  
DIN : 03105129

Place : Kanpur

Date : 23/05/2016

## **RESINOVA CHEMIE LIMITED (FORMERLY KNOWN AS ADVANCED ADHESIVES LIMITED)**

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **a. General Information**

- i) Resinova Chemie Limited (RCL), (Formerly Advanced Adhesives Limited, (AAL)) is engaged in manufacturing of various types of Adhesives and is a Public Limited Company. The Company is Subsidiary of Astral Poly Technik Limited (APL), a listed Company.
- ii) Originally Advanced Adhesives Limited (Transferee Company) was Subsidiary of APL.
- iii) Before Amalgamation (Refer Note No. 29) erstwhile Resinova Chemie Limited (transferor Company) was wholly owned Subsidiary Company of APL and manufacturing wide range of Adhesive solutions.
- iv) The Scheme of Amalgamation of erstwhile Resinova Chemie Limited (before amalgamation) with AAL (Refer Note No. 29) was sanctioned by the Hon'ble Gujarat High Court, Ahmedabad; vide its order dated 18<sup>th</sup> January, 2016 with appointed date as 21<sup>st</sup> November, 2014. As per the Scheme of Amalgamation, the name of the AAL was subsequently changed to Resinova Chemie Limited (RCL).

The certified copy of the order was filed with the Registrar of Companies (ROC), Gujarat at Ahmedabad on 11<sup>th</sup> February, 2016. The Scheme of Amalgamation becomes effective on 11<sup>th</sup> February, 2016 with an appointed date of 21<sup>st</sup> November, 2014.

#### **b. Basis of Preparation of Financial statements**

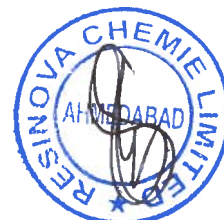
The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (IGAAP) to comply with the Accounting Standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year. All the assets and liabilities have been classified as current or non-current as per Company's normal operating cycle and other criteria as set out in the Schedule II to the Companies Act, 2013.

#### **c. Use of Estimates**

The preparation of the financial statements in conformity with Indian Generally Accepted Accounting Principles (GAAP) requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

#### **d. Inventories**

Inventories are valued at lower of cost on weighted average basis and net realizable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Finished goods include appropriate proportion of overheads and, where applicable, excise duty.



**e. Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the information.

**f. Fixed Assets (Tangible / Intangible)**

Fixed assets are stated their cost of acquisition/ construction less accumulated depreciation/ amortization and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalized and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Intangible Assets includes Software capitalized by the Company in terms of Accounting Standard –26 “Intangible Assets”, where it is expected to provide future enduring economic benefits as well as excess of purchase consideration over value of net assets acquired on the acquisition of an undertaking under the scheme of Amalgamation (Refer Note No. 29)

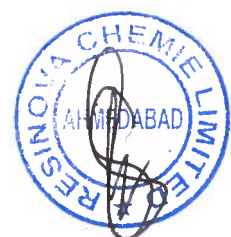
**Capital Work-in-Progress (CWIP)**

Capital Work-in-Progress includes expenditure incurred on assets, which are not yet ready for their intended use and includes its direct costs and related incidental expenses.

**g. Depreciation and Amortization**

Depreciation on Fixed Assets is provided on the Straight-Line Method (SLM) as per the useful life specified in Schedule II to the Companies Act, 2013, read with the following notes:

- i) Intangible assets are amortized over their estimated useful life on a straight line basis over a period of 5 years commencing from the year in which the same are available to the Company for its intended use, except Assets like Goodwill arising out of Scheme of Amalgamation (Refer Note No. 29), which is amortized over 7 years since in the opinion of the management the benefits will be available for that period.
- ii) Depreciation on assets acquired and or disposed off during the year is provided on pro-rata basis.
- iii) The Company has constructed buildings and machineries on land taken on lease from various lessor for various tenure. However, assets constructed/ Installed on such land have been depreciated at useful life as referred above, as the management does not foresee non-renewal of the above lease arrangements by the lessor.



#### **h. Revenue Recognition**

Sales are recognized on transfer of significant risks and rewards of ownership to the buyer. Sales are net of trade discounts, Sales Tax & VAT. Excise duties collected are shown by way of deduction from Sales.

#### **i. Investments**

Current Investments are carried individually, at lower of cost and fair value.

#### **j. Other Income**

Interest Income is accounted on accrual basis. Income from investment in mutual funds is recognized upon realization at the time of disposal.

#### **k. Foreign Currency Transactions**

##### **Initial Recognition**

Transactions denominated in foreign currencies are normally recorded at exchange rate prevailing on the date of transaction.

##### **Subsequent Recognition**

Any gain or loss on account of exchange difference either on settlement or on translation are recognized in the Statement of Profit and Loss. Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

#### **l. Employee Benefits**

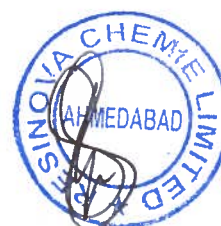
Employee benefits include provident fund, employee state insurance scheme, gratuity fund and compensated absences.

##### **Defined Contribution Plan:**

The Company's contribution to Provident Fund and employee's state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

##### **Defined benefit plans:**

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset/Provisions resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.





**Short-term employee benefits:**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

**Long-term employee benefits:**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

**m. Borrowing costs**

Interest and other cost in connection with the borrowing of the funds to the extent related/ attributed to the acquisition/ construction of qualifying fixed assets are capitalized up to the date when such assets are ready for its intended use. Other borrowing costs are charged to Profit & Loss account.

**n. Lease**

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. Operating lease rentals are expensed with reference to lease terms and other considerations. There are no finance leases.

**o. Taxes on Income**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred tax Liabilities/Assets is recognized subject to the consideration of prudence, on timing differences being the difference between taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences. Deferred tax assets are recognized for timing differences, only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized except in case of unabsorbed depreciation, carry forward losses and items relating to capital losses, where deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that there will be sufficient future income available to realize the assets.

**p. Research & Development Expenditure**

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Fixed Assets.



**q. Impairment of Assets**

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amounts of the assets exceed the estimated recoverable amount, impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

**r. Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are neither recognized nor disclosed in the financial statements.

**s. Insurance Claims**

Insurance claims are accounted for on the basis of claims admitted/ expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.



**RESINOVA CHEMIE LIMITED ( FORMERLY KNOWN AS ADVANCED ADHESIVES LIMITED)**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2016**

**1 SHARE CAPITAL**

Particulars	(Rs. In Lacs)	
	As at 31st March, 2016	As at 31st March, 2015
<b>Authorised Share Capital</b>		
57,50,000 Equity Shares of Rs. 10/- each (57,50,000 Equity Shares of Rs. 10/- each ) (Refer Note Below)	575.00	575.00
<b>Issued, Subscribed &amp; Fully Paid Share Capital</b>		
293,895 Equity Shares of Rs. 10/- each fully paid up (2,93,895 Equity Shares of Rs. 10/- each fully paid up)	29.39	29.39
<b>Total</b>	<b>29.39</b>	<b>29.39</b>

- (a) The company has only one class of equity shares having a par value of Rs. 10/- each. Each Share holder is eligible for one vote per share.
- (b) Out of the above, 2,43,895 Equity Shares of Rs. 10 each have been allotted as fully paid pursuant to the Scheme of Amalgamation (Refer Note No. 29) without payments being received in cash. Pursuant to the scheme, the authorized share capital of the transferee Company on the effective date has automatically stand increased by merging the authorized share capital of transferor Company with transferee Company without any further act or deed on the part of the transferee Company, including payment of stamp duty and Registrar of Companies fees, for the authorized share capital of transferor Company.

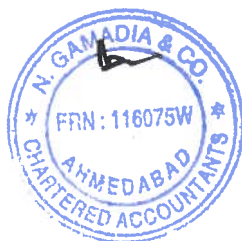
Particulars	(No. of Shares)	
	As at 31st March, 2016	As at 31st March, 2015
At the beginning of the year	2,93,895	50,000
<b>Add: Fresh Issue on account of Amalgamation (Refer Note No. 29)</b>	-	2,43,895
At the end of the year	2,93,895	2,93,895

(d) **Details of shares held by each shareholder holding more than 5% shares**

Name of Shareholders	As at 31st March, 2016	As at 31st March, 2015
Astral Poly Technik Limited - No. of Shares	2,86,395	2,86,395
- % of Shares held	97.45%	97.45%

**2 RESERVES & SURPLUS**

Particulars	(Rs. In Lacs)	
	As at 31st March, 2016	As at 31st March, 2015
<b>Securities Premium:</b>		
Opening Balance	30,477.12	-
Addition on account of Amalgamation (Refer Note No. 29)	-	30,477.12
<b>Closing Balance</b>	<b>30,477.12</b>	<b>30,477.12</b>
<b>Surplus in Statement of Profit &amp; Loss</b>		
As per Last Balance Sheet	436.04	477.60
<b>Add: Profit/(Loss) For the Year</b>	<b>(906.70)</b>	<b>(41.56)</b>
	<b>(470.66)</b>	<b>436.04</b>
<b>Total</b>	<b>30,006.46</b>	<b>30,913.16</b>





**RESINOVA CHEMIE LIMITED ( FORMERLY KNOWN AS ADVANCED ADHESIVES LIMITED)**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2016**

**3 OTHER LONG TERM LIABILITIES**

Particulars	(Rs. In Lacs)	
	As at 31st March, 2016	As at 31st March, 2015
Security Deposit	46.50	32.50
<b>Total</b>	<b>46.50</b>	<b>32.50</b>

**4 SHORT TERM BORROWINGS**

Particulars	(Rs. In Lacs)	
	As at 31st March, 2016	As at 31st March, 2015
<u>Secured</u>		
Working Capital limits From Banks	-	120.06
<u>Unsecured</u>		
Short Term Loan From Director (Refer Note No. 26)	-	1,500.00
<b>Total</b>	<b>-</b>	<b>1,620.06</b>

- 1 Secured Loan Repayable on demand to State Bank of India - secured against hypothecation of entire Stock, Book Debts, other chargeable Current Assets and movable Fixed Assets with equitable mortgage on factory Land & Buildings, with lien on STDRs and personal guarantees of directors and a relative.
- 2 Unsecured loan is payable on demand.

**5 TRADE PAYABLES**

Particulars	(Rs. In Lacs)	
	As at 31st March, 2016	As at 31st March, 2015
Acceptances	377.52	-
Other than Acceptances *	3,183.00	2,233.36
<b>Total</b>	<b>3,560.52</b>	<b>2,233.36</b>

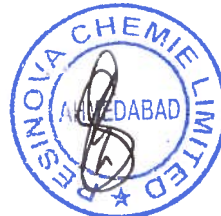
\* There are no dues to Micro and small Enterprises as at 31st March, 2016. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

**6 OTHER CURRENT LIABILITIES**

Particulars	(Rs. In Lacs)	
	As at 31st March, 2016	As at 31st March, 2015
Interest Accrued but not due on Borrowings	0.72	47.59
Other Payables		
For Statutory Dues	544.31	454.61
Payable for Capital Goods	98.20	29.52
Advance received from customers	88.07	93.95
Others	-	74.28
<b>Total</b>	<b>731.30</b>	<b>699.95</b>

**7 SHORT TERM PROVISIONS**

Particulars	(Rs. In Lacs)	
	As at 31st March, 2016	As at 31st March, 2015
Provision for Employee Benefits (Refer Note No : 25)		
Leave Encashment	9.40	7.86
Gratuity	59.85	-
<b>Total</b>	<b>69.25</b>	<b>7.86</b>



**RESINOVA CHEMIE LIMITED (FORMERLY KNOWN AS ADVANCED ADHESIVES LIMITED)**

**8 FIXED ASSETS**

Asset Class	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK		
	As on 1/4/2015	Additions	Deductions	As on 31/03/2016	As on 1/4/2015	Additions	Deductions / Adjustments	As on 31/03/2016	As on 31/03/2015
<b>Tangible Asset</b>									
Land	599.20	-	-	599.20	-	-	-	599.20	599.20
Building	1,024.97	149.19	-	1,174.16	16.25	47.11	-	1,110.80	1,008.72
Plant & Machinery	1,567.00	990.98	28.80	2,529.18	106.97	141.97	0.26	2,280.50	1,460.03
Furniture & Fixtures	187.19	152.54	0.05	339.68	11.72	29.05	0.00	298.91	175.47
Vehicles	32.01	24.24	-	56.25	1.43	5.09	-	49.73	30.58
Computers & Office Equipments	47.46	38.29	0.23	85.52	6.15	18.83	0.04	60.58	41.31
<b>TOTAL TANGIBLE ASSETS (A)</b>	<b>3,457.83</b>	<b>1,355.24</b>	<b>29.08</b>	<b>4,783.99</b>	<b>142.52</b>	<b>242.05</b>	<b>0.30</b>	<b>4,399.72</b>	<b>3,315.31</b>
Software	5.76	-	-	5.76	0.47	1.62	-	3.67	5.29
Goodwill	25,744.03	-	-	25,744.03	1,319.95	3,677.71	-	20,746.37	24,424.08
<b>TOTAL INTANGIBLE ASSETS (B)</b>	<b>25,749.79</b>	<b>-</b>	<b>-</b>	<b>25,749.79</b>	<b>1,320.42</b>	<b>3,679.33</b>	<b>-</b>	<b>20,750.04</b>	<b>24,429.37</b>
Capital work in progress (C)	-	-	-	-	-	-	-	-	-
<b>TOTAL (A + B + C)</b>	<b>29,207.62</b>	<b>1,355.24</b>	<b>29.08</b>	<b>30,533.78</b>	<b>1,462.94</b>	<b>3,921.38</b>	<b>0.30</b>	<b>25,832.34</b>	<b>28,028.40</b>
<b>PREVIOUS YEAR</b>	<b>567.11</b>	<b>29,104.06</b>	<b>179.83</b>	<b>29,491.34</b>	<b>35.34</b>	<b>1,429.98</b>	<b>2.38</b>	<b>28,028.40</b>	<b>531.77</b>

**Note :**

- 1) Pursuant to enactment of the Companies Act, 2013 ("The Act") effective from April 1, 2014, the Company has reassessed the useful life of its fixed assets and has computed depreciation as provided in Schedule II of the Companies Act, 2013.
- 2) Building on lease hold property is depreciated over the remaining lease hold period.



**RESINOVA CHEMIE LIMITED ( FORMERLY KNOWN AS ADVANCED ADHESIVES LIMITED)**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2016**

**9 DEFERRED TAX ASSETS (NET)**

Particulars	(Rs. In Lacs)	
	As at 31st March, 2016	As at 31st March, 2015
<b>Deferred Tax Assets</b>		
Provision for doubtful debt	8.25	-
Disallowance under Section 43B of the Income Tax Act, 1961	3.95	2.75
Unabsorbed depreciation	1,638.06	603.39
Provision for Gratuity	37.84	9.37
<b>TOTAL - A</b>	<b>1,688.09</b>	<b>615.51</b>
<b>Deferred Tax Liabilities</b>		
Difference between book balance and tax balance of fixed assets	1,458.99	655.98
<b>TOTAL - B</b>	<b>1,458.99</b>	<b>655.98</b>
<b>NET TOTAL (A - B)</b>	<b>229.10</b>	<b>(40.47)</b>

**10 LONG TERM LOANS AND ADVANCES**

Particulars	(Rs. In Lacs)	
	As at 31st March, 2016	As at 31st March, 2015
<b>Unsecured, Considered Good</b>		
Security Deposit	34.14	51.97
Capital Advances	173.85	93.96
Loans to Employees	19.78	-
<b>Total</b>	<b>227.77</b>	<b>145.93</b>

**11 INVENTORIES**

Particulars	(Rs. In Lacs)	
	As at 31st March, 2016	As at 31st March, 2015
Raw Materials	2,105.46	1,570.02
Work-in-progress	355.90	405.26
Stock In Trade	15.13	0.26
Finished Goods	1,967.38	1,822.24
Packing Materials	641.33	589.46
Stores & Spares	35.13	82.61
<b>Total</b>	<b>5,120.33</b>	<b>4,469.85</b>

**12 TRADE RECEIVABLES**

Particulars	(Rs. In Lacs)	
	As at 31st March, 2016	As at 31st March, 2015
<b>Unsecured</b>		
Trade receivables Outstanding for a period exceeding six months from date they are due for payment		
Considered Good	68.96	45.86
Considered Doubtful	26.70	15.70
Less: Provisions	26.70	15.70
	68.96	45.86
Other Trade receivables		
Considered Good (Refer Note No : 26)	1,546.73	1,710.65
<b>Total</b>	<b>1,615.69</b>	<b>1,756.51</b>



**RESINOVA CHEMIE LIMITED ( FORMERLY KNOWN AS ADVANCED ADHESIVES LIMITED)**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2016**

**13 CASH AND CASH EQUIVALENTS**

Particulars	(Rs. In Lacs)	
	As at 31st March, 2016	As at 31st March, 2015
Cash on hand	4.30	3.67
Balances with banks		
In Deposit Account *	11.26	0.11
In Current Account	234.85	515.04
<b>Total</b>	<b>250.41</b>	<b>518.82</b>

\* Represents deposits with remaining maturity of more than 12 months from the balance sheet date Rs. 6.76 lacs. (PY Rs. 0.11 lacs)

**14 SHORT TERM LOANS AND ADVANCES**

Particulars	(Rs. In Lacs)	
	As at 31st March, 2016	As at 31st March, 2015
<b>(Unsecured, Considered Good)</b>		
Prepaid Expenses	90.87	12.50
Security Deposit (Refer Note No. 26)	98.70	91.95
Loans and Advances to Employees	34.68	64.86
Taxes Receivable	646.53	349.06
Advance to Suppliers	157.48	80.63
Balance with Custom, Central Excise Authorities	186.10	145.66
<b>Total</b>	<b>1,214.36</b>	<b>744.66</b>

**15 OTHER CURRENT ASSETS**

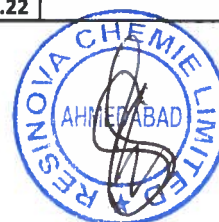
Particulars	(Rs. In Lacs)	
	As at 31st March, 2016	As at 31st March, 2015
Interest Accrued on Deposits	1.61	0.55
Insurance Claim Receivable	16.76	-
Others	1.57	-
	<b>19.94</b>	<b>0.55</b>

**16 REVENUE FROM OPERATIONS**

Particulars	(Rs. In Lacs)	
	2015-16	2014-15
Domestic Sales (Refer Note No : 26 )	31,572.89	12,935.86
Export Sales	480.62	229.81
<b>Revenue from Operations (Gross)</b>	<b>32,053.51</b>	<b>13,165.67</b>
<b>Less: Excise Duty</b>	<b>4,661.10</b>	<b>1,934.35</b>
<b>Revenue from Operations (Net)</b>	<b>27,392.41</b>	<b>11,231.32</b>

**17 OTHER INCOME**

Particulars	(Rs. In Lacs)	
	2015-16	2014-15
Interest Income	1.07	0.90
Gain on Sale of Current Investments	2.41	-
Profit On Sale of Fixed Assets	2.48	0.04
Insurance Claim Income	16.76	-
Other Income	8.50	8.53
<b>Total</b>	<b>31.22</b>	<b>9.47</b>



**RESINOVA CHEMIE LIMITED ( FORMERLY KNOWN AS ADVANCED ADHESIVES LIMITED)**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2016**

**18 COST OF MATERIALS CONSUMED**

(Rs. In Lacs)

Particulars	2015-16	2014-15
Opening Stock	1,570.02	1,436.68
Add: Purchases	15,331.64	5,718.28
	16,901.66	7,154.96
Less: Closing Stock	2,105.46	1,570.02
<b>Total</b>	<b>14,796.20</b>	<b>5,584.94</b>

**19 CHANGE IN INVENTORIES OF FINISHED GOODS , WORK IN PROGRESS AND STOCK IN TRADE**

(Rs. In Lacs)

Particulars	2015-16	2014-15
<b>Inventories at the End of the Year</b>		
Finished Goods	1,967.38	1,822.24
Stock in trade	15.13	0.26
Work-in-progress	355.90	405.26
	<b>2,338.41</b>	<b>2,227.76</b>
<b>Inventories at the Beginning of the Year</b>		
Finished Goods	1,822.25	2,437.47
Stock in trade	0.26	0.28
Work-in-progress	405.26	356.08
	<b>2,227.77</b>	<b>2,793.83</b>
<b>Net (Increase) / Decrease</b>	<b>(110.64)</b>	<b>566.07</b>

**20 EMPLOYEE BENEFITS EXPENSES**

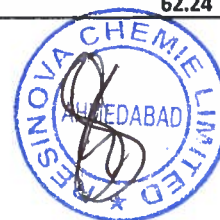
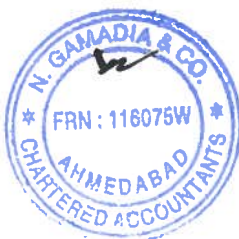
(Rs. In Lacs)

Particulars	2015-16	2014-15
Salaries and Wages	1,984.78	675.43
Contribution to Provident and Other Funds (Refer Note No : 25)	151.28	43.09
Staff Welfare Expenses	39.38	8.39
<b>Total</b>	<b>2,175.44</b>	<b>726.91</b>

**21 FINANCE COSTS**

(Rs. In Lacs)

Particulars	2015-16	2014-15
<b>Interest Expenses</b>		
Interest on borrowing from bank	107.30	9.00
Interest on Unsecured Loan (Refer Note No : 26)	-	52.88
Others	14.00	-
Other Borrowing Costs	12.50	0.36
<b>Total</b>	<b>133.80</b>	<b>62.24</b>



**RESINOVA CHEMIE LIMITED ( FORMERLY KNOWN AS ADVANCED ADHESIVES LIMITED)**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2016**

**22 OTHER EXPENSES**

(Rs. In Lacs)		
Particulars	2015-16	2014-15
Consumption of Stores and Spare Parts	75.09	19.70
Consumption of Packing Materials	3,542.73	1,425.47
Power and Fuel	348.59	116.03
Rent Expenses *	175.26	123.96
Repairs Expenses		
Repairs to Buildings	25.27	14.03
Repairs to Machinery	26.45	8.99
Repairs Others	31.41	11.77
Factory Expenses	17.20	2.77
Insurance Expenses	18.37	6.96
Rates & Taxes	71.45	61.40
Royalty Expenses	173.61	181.49
Freight and Handling Charges	600.44	174.90
Communication Exepnses	96.81	42.80
Printing and Stationery	17.98	28.54
Travelling Expenses	481.66	141.96
Security Service Charges	27.06	25.09
Net loss on foreign currency transactions	34.39	(5.07)
Payment to Auditors**	3.87	0.40
Commission	11.68	10.83
Discount on Sales	599.35	208.08
Sales Promotions Expenses	1,003.92	293.90
Donation & Contributions	0.05	18.47
Legal & Professional	106.32	12.32
Directors Sitting Fees	2.00	-
Bad debts Written Off	1.30	6.58
Provision for Doubtful Debts	11.00	7.97
Changes in Excise Duty on Inventories	52.21	(33.91)
Other Expenses	101.14	14.11
<b>Total</b>	<b>7,656.61</b>	<b>2,919.54</b>

\* The Company is Lessee under operational leases under which rental expenses for the period was Rs.175.26 Lacs (Previous Year: Rs. 123.96 Lacs ). The Company has not executed any non-cancelable lease agreement.

**\*\* Payment to Auditors As : (excluding Service Tax)**

(Rs. In Lacs)		
Particulars	2015-16	2014-15
For Statutory Audit	3.00	0.15
For Tax Audit	0.30	0.15
For Other Service	0.57	0.10
<b>Total</b>	<b>3.87</b>	<b>0.40</b>



**RESINOVA CHEMIE LIMITED (FORMERLY KNOWN AS ADVANCED ADHESIVES LIMITED)**  
**NOTES FORMING PARTS OF THE FINANCIAL STATEMENT ENDED ON 31<sup>ST</sup>, MARCH, 2016**

**23. EARNINGS PER SHARE:**

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Profit After Tax (Rs. In Lacs)	(906.70)	(41.56)
Weighted average number of equity shares outstanding	2,93,895	1,37,535
Basic & Diluted Earnings Per Share (In Rs.) (Face value of Rs. 10/- each)	(308.51)	(30.22)

**24. CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR:**

		(Rs. In Lacs)	
Sr. No.	Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>Contingent Liabilities</b>			
1	Letters of Credits for Purchases	634.10	---
2	Bank Guarantee Given	6.20	7.57
3	Other Contingent Liabilities for Statutory Matters	64.87	60.72
4	Other Contingent Liabilities -Stamp Duty on Amalgamation	0.25	0.25
<b>Commitments</b>			
1	Capital Contracts remaining to be executed (Net of Advances)	409.04	67.68
<b>Other Contingent Liabilities</b>			
1	<u>Contingencies for which there can be probable outflow:</u>		
	Claims against the company not acknowledged as Debt – No. of Cases 4	---	---

Future cash outflows in respect of the above matters are determined only on receipt of judgments / decisions pending at various forums / authorities.

**25. EMPLOYEE BENEFITS:**

The disclosures required under Accounting Standard 15 (Revised) "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006 are given below:

**Defined Contribution Plan:**

Amount towards Defined Contribution Plan have been recognized under "Contribution to Provident and Other funds" in Note No. 21, Rs. 102.79 Lacs (Previous Year: Rs. 41.02 Lacs).

**Defined Benefit Plan:**

The Company has defined benefit plans for gratuity to eligible employees, contributions for which are made to Life Insurance Corporation of India, who invests the funds as per IRDA guidelines except in case of liabilities of Rs.122.73 lacs relating to transferor company under scheme of Amalgamation (Refer Note No. 29) where there benefit plan are not yet funded. The details of these defined benefit plans recognised in the financial statements are as under:

**General Description of the Plan:**

The Company operates a defined benefit plan (the Gratuity Plan) covering eligible employees, which provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employees salary and the tenure of employment.





**Status of Defined Benefit Plans/Long term Compensated Absences – As per Actuarial Valuations as on 31<sup>st</sup> March, 2016:**

a) Change in Defined benefit Obligation during the year :

(Rs. In Lacs)

Particulars	Gratuity		Leave Encashment	
	2015-16	2014-15	2015-16	2014-15
Obligations at the beginning of the year	90.39	61.92	1.83	0.57
Current service cost	19.94	17.55	0.97	0.80
Interest cost	7.01	4.80	0.15	0.05
Actuarial (gain) / loss	16.84	11.43	1.89	0.72
Benefits paid	(5.52)	(5.30)	(1.21)	(0.31)
<b>Obligations at the end of the year</b>	<b>128.66</b>	<b>90.39</b>	<b>3.63</b>	<b>1.83</b>

b) Reconciliation of the present value of the defined benefit obligation & fair value of plan assets:

(Rs. In Lacs)

Particulars	Gratuity		Leave Encashment	
	2015-16	2014-15	2015-16	2014-15
Obligations at the end of the year	128.66	90.39	3.63	1.84
Plan assets at the end of the year, at fair value	(5.92)	(3.74)	---	---
<b>Liability/(Assets) recognized in Balance sheet</b>	<b>122.74</b>	<b>86.65</b>	<b>3.63</b>	<b>1.84</b>

c) Cost for the year:

(Rs. In Lacs)

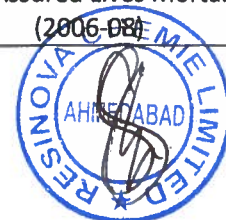
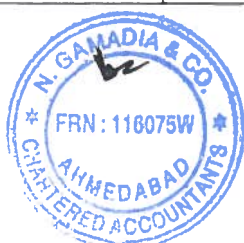
Particulars	Gratuity		Leave Encashment	
	2015-16	2014-15	2015-16	2014-15
Current service cost	19.94	17.55	0.97	0.80
Interest cost	6.71	4.80	0.15	0.05
Expected return on plan assets	---	---	---	---
Actuarial (Gains)/Loss	13.00	11.18	1.89	0.72
Adjustment on account of Amalgamation (Refer Note No. 29)	---	(21.92)	---	---
<b>Expense recognized in the Statement of Profit and Loss</b>	<b>39.65</b>	<b>11.61</b>	<b>3.01</b>	<b>1.57</b>

d) Investment details of plan assets:

To fund the obligations under the gratuity plan, Contributions are made to Life Insurance Corporation of India, who invests the funds as per IRDA guidelines.

e) Actuarial Assumptions:

Particulars	Gratuity		Leave Encashment	
	2015-16	2014-15	2015-16	2014-15
Discount Rate	8.01%	7.75%-7.99%	8.04%	7.99%
Expected return on plan assets	8.01%	7.99%	----	----
Annual Increase in Salary Costs	7.00%	5.00%-6.00%	7.00%	5.00%
Mortality Tables	Indian Assured Lives Mortality (2006-08)		Indian Assured Lives Mortality (2006-08)	





f) Experience Adjustments of Gratuity:

(Rs. In Lacs)

Particulars	2015-16	2014-15	2013-14	2012-13
Defined Benefit Obligation at the end of the period	128.66	90.39	0.33	0.17
Funded Status	5.92	3.74	0.33	0.17
Experience Adjustments on Plan Liabilities	122.74	--	--	--
Experience Adjustments on Plan Assets	--	--	--	--

**Note:**

- The figures for the previous year have been adjusted wherever necessary to give effect to the scheme of Amalgamation. (Refer Note No. 29)

**26. RELATED PARTY DISCLOSURES:**

1. Name of the party and relationships

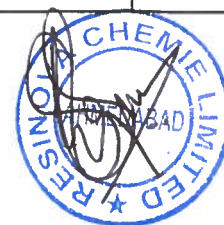
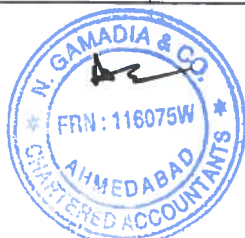
Sr. No.	Description of Relationship	Name of Related Parties
a.	Holding Company	Astral Poly Technik Limited
b.	Fellow Subsidiaries	Astral Biochem Private Limited Seal IT Services Limited - UK Calder Distribution Limited - UK
c.	Enterprises over which Key Managerial Personnel are able to exercise significant influence	Parikh & sons Parikh Resins Ltd. Parikh Chemical Industries Manek Lal Hari Lal Parikh Parikh Agency Shell Organics (P) Ltd. Transcont India Finvest (P) Ltd. Kairav Chemicals Ltd. Saumya polymers LLP Indo Green Plastic Technologies
d.	Key Management Personnel	Mr. Vijay.S.Parikh Mr.Ramesh Shah Mr.Sandeep. P. Engineer Mrs.Jagruti .S.Engineer Mr. Kairav S. Engineer Mr.Saumya S. Engineer Mr.Hiranand.A.Savlani Mr.Nihir.V.Parikh Mr.Kushal.V.Parikh Mr. Rajesh Dwivedi
e.	Relatives of Key Management Personnel	Mrs. Nita.V.Parikh Mr.Suresh.M.Parikh Mrs.Usha.S.Parikh Mr.Nihir.V.Parikh Mr.Kushal.V.Parikh Mrs. Ayushi Parikh



2. Details of Related Party Transactions during the Year ended on 31st March,2016:

(Rs. In Lacs)

Sr.No.	Nature of Transactions	Related referred in					TOTAL
		1 (a) above	1 (b) above	1 (c) above	1 (d) above	1 (e) above	
1	<b><u>Purchase of Goods/Assets</u></b>						
	Kairav Chemicals Ltd.	-	-	-	-	-	-
		-	-	(4.50)	-	-	(4.50)
	Astral Poly Technik Ltd.	175.11	-	-	-	-	175.11
		(76.44)	-	-	-	-	(76.44)
	Seat It Services Ltd.	-	59.04	-	-	-	59.04
		-	-	-	-	-	-
2	<b><u>Sale of Goods</u></b>						
	Parikh Resins Ltd.	-	-	-	-	-	-
		-	-	(26.44)	-	-	(26.44)
	Astral Poly Technik Ltd.	4,759.36	-	-	-	-	4,759.36
		(4,590.11)	-	-	-	-	(4,590.11)
3	<b><u>Rent Paid</u></b>						
	Mr. Vijay.S.Parikh	-	-	-	26.25	-	26.25
		-	-	-	(8.98)	-	(8.98)
	Parikh Resins Ltd.	-	-	1.08	-	-	1.08
		-	-	(0.41)	-	-	(0.41)
	Astral Poly Technik Ltd.	1.41	-	-	-	-	1.41
		-	-	-	-	-	-
	Kairav Chemicals Ltd.	-	-	109.34	-	-	109.34
		-	-	(107.87)	-	-	(107.87)
4	<b><u>Interest Paid</u></b>						
	Mr. Vijay.S.Parikh	-	-	-	-	-	-
		-	-	-	(52.88)	-	(52.88)
5	<b><u>Remuneration</u></b>						
	Mr. Vijay.S.Parikh	-	-	-	17.78	-	17.78
		-	-	-	(6.72)	-	(6.72)
	Mr. Ramesh Shah	-	-	-	0.83	-	0.83
		-	-	-	(0.45)	-	(0.45)
	Mr. Nihir .V.Parikh	-	-	-	-	5.12	5.12
		-	-	-	-	(2.43)	(2.43)
	Mr. Rajesh Dwivedi	-	-	-	2.67	-	2.67
		-	-	-	-	-	-
	Mr. Kushal .V.Parikh	-	-	-	-	5.12	5.12
		-	-	-	-	(2.36)	(2.36)
	Mrs. Aayushi Parikh	-	-	-	-	0.65	0.65
		-	-	-	-	-	-
6	<b><u>Advance</u></b>						
	Parikh Resins Ltd.	-	-	-	-	-	-
		-	-	(0.01)	-	-	(0.01)
	Mr. Suresh.M.Parikh	-	-	-	-	-	-
		-	-	(0.02)	-	-	(0.02)



7	<b>Loan Taken</b>						
	Mr. Vijay.S.Parikh	-	-	-	-	-	-
		-	-	-	(2,000.00)	-	(2,000.00)
8	<b>Loan Repaid</b>						
	Mr. Vijay.S.Parikh	-	-	-	1,500.00	-	1,500.00
		-	-	-	(500.00)	-	(500.00)
9	<b>Deposit for Directorship received</b>						
	Astral Poly Technik Ltd	1.00	-	-	-	-	1.00
		-	-	-	-	-	-
10	<b>Deposit for Directorship given back</b>						
	Astral Poly Technik Ltd	1.00	-	-	-	-	1.00
		-	-	-	-	-	-

3. Details of Related Party outstanding balances as at 31st March, 2016.

(Rs. In Lacs)

Sr.No.	Nature of Transactions	Related referred in					TOTAL
		1 (a) above	1 (b) above	1 (c) above	1 (d) above	1 (e) above	
1	<b>Receivable</b>						
	Mr. Nihir .V.Parikh	-	-	-	-	-	-
		-	-	-	-	(0.53)	(0.53)
	Astral Poly Technik Ltd	-	-	-	-	-	-
		(355.56)	-	-	-	-	(355.56)
2	<b>Payables</b>						
	Seal It Services Ltd.	-	58.84	-	-	-	58.84
		-	-	-	-	-	-
	Mr. Rajesh Dwivedi	-	-	-	0.48	-	0.48
		-	-	-	-	-	-
	Mr. Vijay.S.Parikh	-	-	-	1.46	-	1.46
		-	-	-	(1.64)	-	(1.64)
	Mr. Ramesh Shah	-	-	-	-	-	-
		-	-	-	(0.10)	-	(0.10)
3	<b>Loan Taken</b>						
	Mr. Vijay.S.Parikh	-	-	-	-	-	-
		-	-	-	(1,547.59)	-	(1,547.59)
4	<b>Deposit Given</b>						
	Kairav Chemicals Ltd	-	-	88.00	-	-	88.00
		-	-	(88.00)	-	-	(88.00)

27. SEGMENT REPORTING:

The Company is engaged mainly in production of Adhesive Solution and as such this is the only reportable business segment as per Accounting Standard on Segment Reporting (AS – 17) notified under the Companies (Accounting Standards) Rules, 2006. There are no Geographical Segments as export turnover is not significant in respect of total turnover.



## 28. CHANGE IN ACCOUNTING POLICY:

Effective April 01, 2015, the Company has changed its method for the valuation of its inventories from FIFO (First in First out) basis to weighted average basis due to the change in technology of the financial accounting system. The impact of the change is insignificant on the profit of the Company for the year.

## 29. SCHEME OF AMALGAMATION:

The Board of Directors of the erstwhile Resinova Chemie Limited (the transferor) at its meeting held on 2<sup>nd</sup> November, 2015 passed a resolution to consider the Scheme of Amalgamation under section 391 to 394 read with other relevant provisions of the Companies Act 1956 including corresponding provisions of the Companies Act, 2013 with the Resinova Chemie Limited (the transferee) (Formerly Advanced Adhesive Limited) under the scheme with appointed dated as 21<sup>st</sup> November, 2014. The Scheme of Amalgamation was approved by respective board of directors and the shareholders of the transferor and transferee companies.

As a part of the scheme of amalgamation, Resinova Chemie Limited (transferor company), engaged in manufacturing of wide range of Adhesive Solutions, has been merged with Resinova Chemie Limited (formerly known as Advanced Adhesives Limited).

The Scheme of Amalgamation was sanctioned by the Hon'ble Gujarat High Court, Ahmedabad; vide its oral order dated 18<sup>th</sup> January, 2016 and certified order dated 30<sup>th</sup> January, 2016 with appointed date as 21<sup>st</sup> November, 2014. As per the Scheme of Amalgamation, the name of the Advanced Adhesive Limited (AAL) was subsequently changed to Resinova Chemie Limited (RCL).

The certified copy of the order was filed with the Registrar of Companies (ROC), Gujarat at Ahmedabad on 11<sup>th</sup> February, 2016. The Scheme of Amalgamation becomes effective on 11<sup>th</sup> February, 2016 with an appointed date of 21<sup>st</sup> November, 2014. Subsequently the Company's name was changed to Resinova Chemie Limited and fresh certificate of incorporation was issued by the Registrar of Companies on 23<sup>rd</sup> February, 2016.

Upon the coming into effect of the Scheme of Amalgamation, and with effect from the appointed date being 21<sup>st</sup> November, 2014, the transferor company's all business, activities and all the estates, assets, rights, title, all debts, liabilities (including contingent liabilities), duties and obligations of every kind, nature and interest of the transferor company for and on account of, and in trust for, transferred to the transferee Company. Further any transaction between the Transferor Company and Transferee Company has been cancelled to give effect to the Scheme of Amalgamation.

Upon the Scheme becoming effective, the Transferor Company has been dissolved without winding up pursuant to the provisions of Section 394 of the Companies Act, 1956 read with relevant applicable provisions of the Companies Act, 2013.

### Accounting Treatment

The above Scheme of Amalgamation is an amalgamation in the nature of purchase in accordance with the requirements of Accounting Standard 14- "Accounting for Amalgamations" and has been accounted for the amalgamation in books of the transferee Company with effect from the appointed



date (21<sup>st</sup> November, 2014) as per the Purchase method under AS -14 "Accounting for Amalgamations".

Consequent to the oral Order dated 18<sup>th</sup> January, 2016 and certified order dated 30<sup>th</sup> January, 2016 of the Hon'ble Gujarat High Court for sanctioning permission to reopening and revision of Books of Accounts for the financial year 2014-15, the Audited financial statements of the transferee Company Resinova Chemie Limited (RCL) (Formerly Known as Advanced Adhesives Limited) for the Financial Year 2014-15 has been reopened and revised by the Company to give effect of the said scheme of Amalgamation in the books of accounts of the Financial Year 2014-15. Accordingly, entire operation of the transferor company from 21<sup>st</sup> November, 2014 (Period includes 21<sup>st</sup> November, 2014 to 31<sup>st</sup> March, 2015) as detailed below have been accounted for in the financial statements for financial year 2014-15.

1. The business of the transferor company has been transferred to the company on a going concern basis. As per the Scheme, the appointed date, for the transfer of assets and liabilities at their respective fair value as determined by the independent valuer, as on 20<sup>th</sup> November, 2014 except the current assets and current liabilities which has been accounted on book value and the same have been recorded by the transferee company under the respective heads.
2. As a purchase consideration for the transfer of the above referred assets and liabilities determined by the Board as on the appointed date 21<sup>st</sup> November, 2014, the company has to issue 2,43,895 equity shares of Rs. 10 each at a security premium of Rs. 12,496 per share, amounting to Rs 30,501.51 Lacs. This has resulted in recognition of goodwill of Rs 25,744.03 Lacs [equity shares of Rs 30,501.51 Lacs for net assets of Rs 4,757.48 Lacs (Total Assets acquired Rs. 9,131.14 Lacs and Total Liabilities acquired of Rs. 4,374.29 Lacs)] based on the Purchase method of accounting as prescribed under AS 14 - "Accounting for Amalgamations". Pursuant to the scheme and after re-organization of share capital, new 2,43,895 equity shares have been issued to equity shareholders of Transferor Company in the swap ratio as specified in the scheme.

### 30. VALUE OF SALE OF GOODS:

Sr. No.	Particulars	2015-16		2014-15	
		Value in Lacs	% of Total Sales	Value in Lacs	% of Total Sales
1	Adhesive Solution	27,392.41	100.00	11,231.32	100.00

### 31. VALUE OF IMPORTED AND INDIGENOUS RAW MATERIAL CONSUMED:

Sr. No.	Particulars	2015-16		2014-15	
		Value in Lacs	% of Total Consumption	Value in Lacs	% of Total Consumption
1	Imported	7,555.02	48.94	1,954.00	34.99
2	Indigenous	7,241.18	51.06	3,630.94	65.01
	<b>Total</b>	<b>14,796.20</b>	<b>100.00</b>	<b>5,584.94</b>	<b>100.00</b>



**32. VALUE OF IMPORTED AND INDIGENOUS STORES, SPARES AND PACKING MATERIALS CONSUMED:**

Sr. No.	Particulars	2015-16		2014-15	
		Value in Lacs	% of Total Consumption	Value in Lacs	% of Total Consumption
1	Imported	---	---	52.21	3.66
2	Indigenous	3,617.82	100.00	1,392.96	96.34
	<b>Total</b>	<b>3,617.82</b>	<b>100.00</b>	<b>1,445.17</b>	<b>100.00</b>

**33. EARNINGS AND EXPENSES IN FOREIGN CURRENCY AND CIF VALUE OF IMPORTS:**

## a) CIF Value of Imports

(Rs. In Lacs)

Particulars	2015-16	2014-15
Capital Goods	189.37	---
Raw Materials & Packing Materials	6,010.36	1,735.90

## b) Expenditure in foreign currency

(Rs. In Lacs)

Particulars	2015-16	2014-15
Travelling	8.65	0.50
Others	175.50	181.49

## c) Earnings in foreign currency

(Rs. In Lacs)

Particulars	2015-16	2014-15
Value of Export Sales (FOB Basis)	5.36	1.14

34. Previous year's figures have been regrouped and reclassified, wherever necessary, so as to make them comparable.

Current Year figures are not comparable with the previous year figures in view of Scheme of Amalgamation (Refer Note No. 29) given effect in the Previous Year.

As per our separate report of even date  
For, N. Gamadia & Co.  
Chartered Accountants

(CA Nilesh Gupta)  
Partner  
M. No.: 100426  
F.R. No.: 116075W



For and on behalf of the Board of Directors

(Vijay S. Parikh)  
Managing Director  
DIN :00721950

(Saumya S. Engineer)  
Director  
DIN :03105129

Date: 24/05/2016  
Place: Ahmedabad

Date: 23/05/2016  
Place: Ahmedabad

# **SEAL IT SERVICES LIMITED**

## **Financial Statements**

**For**

**FY 2015-16**



**SEAL IT SERVICES LIMITED**

**FINANCIAL STATEMENTS**

**31 MARCH 2016**

**Company Registration Number 04487206**



Chartered Accountants

Lindsay House  
10 Callender Street  
Belfast BT1 5BN  
Tel: +44 (0)28 9043 9009  
Fax: +44 (0)28 9043 9010



# **SEAL IT SERVICES LIMITED**

## **Financial statements**

**Year ended 31 March 2016**

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# SEAL IT SERVICES LIMITED

## Officers and professional advisers

Year ended 31 March 2016

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<b>Company registration number</b>	04487206
<b>The board of directors</b>	Mr G Helm Mr D Moore Mr S Engineer Mrs J Engineer Mr Paul Walters
<b>Registered office</b>	Unit G16 River Bank Way Lowfield Business Park West Yorkshire HX5 9DN
<b>Auditor</b>	BDO Northern Ireland Chartered Accountants & Statutory Auditor Lindsay House 10 Callender Street Belfast BT1 5BN
<b>Bankers</b>	HSBC 4th Floor, City Point 29 King Street Leeds LS1 2HL
<b>Solicitors</b>	Chadwick Lawrence 13 Railway Street Huddersfield HD1 1JS

# SEAL IT SERVICES LIMITED

## Strategic report

Year ended 31 March 2016

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### Principal activities

The principal activity of the group during the period was the manufacture and supply of building products and building chemicals.

### Key performance indicators

The directors prepare and monitor key performance indicators on a monthly basis. The key metrics that are produced include:

	2016	2015
Turnover	£13,776,125	£14,281,090
Debtor days	78	70

The period under review has seen improvements across most areas of the business, and the focus of the board remains on setting challenging targets to measure performance.

### Risk management

The board constantly monitors and reacts to the risks considered to be important to the future of the business. The group purchases raw materials in foreign currency with any fluctuations potentially adversely affecting the margins of the business if not managed properly. To mitigate this risk, the group, from time to time, enter into forward contracts for the purchase of foreign currency to match projected future liabilities. This has managed to protect margins in the year under review. The relationship of sterling to the foreign currencies where the group has exposure is monitored daily.

Health and safety is paramount to the business especially in a manufacturing environment. The directors have carried out what they believe to be all necessary risk assessments and have complied with all health and safety requirements. The group holds ISO 14001 and ISO 9001 certifications and have been audited by the International Organization for Standardization during the period, with no issues of any non-conformance.

The group monitor the supply chain and the risk that this could pose to the future of the business. The directors are confident that there is no one single supply partner that could materially affect the results of the business going forward, and are moving to a model to reduce the reliance on outside suppliers by making the operation of the group more vertical.

## SEAL IT SERVICES LIMITED

### Strategic report *(continued)*

Year ended 31 March 2016

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#### **Principal risk and uncertainties**

In common with all companies operating in the United Kingdom, the company faces increasing costs. The directors are of the opinion that the company is well positioned to manage these costs.

#### *Economic risk*

The risk of increased interest rates and/or inflation may have an adverse impact on served markets.

#### *Competition risk*

The company manages competition risk through close attention to customer service levels and sourcing competitive products.

#### *Financial risk*

All key financial figures are monitored on an ongoing basis.

Signed on behalf of the directors



Mr G Helm  
Director

Approved by the directors on 17/05/16

## SEAL IT SERVICES LIMITED

### Directors' report

#### Year ended 31 March 2016

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The directors present their report and financial statements for the year ended 31 March 2016.

#### **Principal activity and review of the business**

The principal activity of the group during the period was the manufacture and supply of building products and building chemicals.

The results of the Group for the year, as set out on pages 9 and 10, show a profit before taxation of £780,088 (2015: £754,723). The equity attributable to owners of the parent total £2,903,948 (2015: £2,285,188).

The directors are confident that the group will continue to show turnover growth in the coming year. There has been significant investment in new plant and facilities during the year, which will allow the group to service the increased demand for its products.

Alongside a focus on increasing turnover, cost management remains a key focus of the directors, along with stringent cash management and the management of credit risk.

There have been no events since the balance sheet date which materially affect the position of the group.

#### **Events after the reporting date**

On 6 May 2016 Seal It Services Inc, a 100% subsidiary of Seal It Services Limited, acquired the assets of Rowe Industries Inc for \$3.25m. Seal It Services Inc is a registered company in the USA.

#### **Development and performance of the business**

The directors are satisfied with the performance of the business in the period under review. The year has been one of strong revenue growth, and the directors have invested heavily both in fixed assets and personnel, to ensure that the business is well structured to deal with the continuing growth.

#### **Financial risk management objectives and policies**

The group's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk and exchange risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of exchange exposure and credit risk.

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the group's finance department.

#### **Directors**

The directors who served the group during the period were as follows:

Mr G Helm  
Mr D Moore  
Mr S Engineer  
Mrs J Engineer  
Mr Paul Walters

**SEAL IT SERVICES LIMITED****Director' report** *(continued)***Year ended 31 March 2016**

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**Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company.

In preparing these financial statements, the directors are also required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Statement as to disclosure of information to auditors**

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**Strategic report**

The strategic report is included at pages 2 to 3.

## SEAL IT SERVICES LIMITED

### Director' report *(continued)*

Year ended 31 March 2016

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#### Auditor

The auditors, BDO Northern Ireland, have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the group's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Registered office:  
Unit G16  
River Bank Way  
Lowfield Business Park  
West Yorkshire  
HX5 9DN

Signed on behalf of the directors



Mr G Helm  
Director

Approved by the directors on 17/05/16

## SEAL IT SERVICES LIMITED

### Independent auditor's report to the shareholders of Seal It Services Limited

#### Year ended 31 March 2016

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We have audited the group and parent company financial statements ('the financial statements') of Seal It Services Limited for the year ended 31 March 2016 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position and Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the group's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the group's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the group and the group's shareholders as a body, for our audit work, for this report or for the opinions we have formed.

#### Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

#### Scope of the audit of the financial accounts

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

#### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



## SEAL IT SERVICES LIMITED

### Independent auditor's report to the shareholders of Seal It Services Limited (continued)

**Year ended 31 March 2016**

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#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent group financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all of the information and explanations we require for our audit.

*Laura Jackson*

Laura S V Jackson, senior statutory auditor  
For and on behalf of BDO Northern Ireland, statutory auditor  
Lindsay House  
10 Callender Street  
Belfast  
BT1 5BN

17 May 2016

**SEAL IT SERVICES LIMITED****Consolidated statement of comprehensive income****Year ended 31 March 2016**

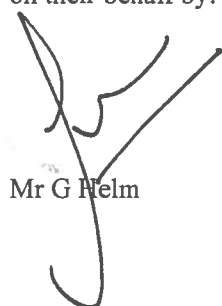
	Note	2016 £	2015 £
<b>Continuing Operations</b>			
Revenue		13,776,125	14,281,090
Cost of sales		10,237,411	10,853,442
<b>Gross profit</b>		<b>3,538,714</b>	<b>3,427,648</b>
Sales and distribution costs		1,620,245	1,681,973
Administrative expenses		1,073,246	910,441
Other operating income		(25,360)	-
<b>Operating profit</b>		<b>870,583</b>	<b>835,234</b>
Finance costs	7	90,495	80,511
<b>Profit before taxation</b>		<b>780,088</b>	<b>754,723</b>
Taxation	9	161,328	99,730
<b>Profit for the year</b>		<b>618,760</b>	<b>654,993</b>
<b><u>Attributable to:</u></b>			
Owners of the parent		<b>618,760</b>	<b>654,993</b>

There are no items of other comprehensive income and accordingly a separate statement of other comprehensive income has not been presented.

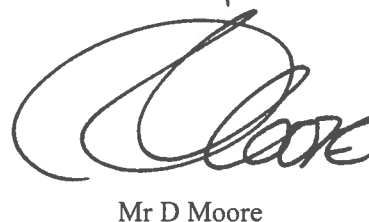
**SEAL IT SERVICES LIMITED****Consolidated statement of financial position****Year ended 31 March 2016**

	Note	2016 £	2015 £
<b>Non-current assets</b>			
Property, plant and equipment	11	3,059,122	2,356,285
<b>Current assets</b>			
Inventory	13	1,618,693	1,564,715
Trade and other receivables	14	3,366,368	3,154,324
Cash and cash equivalents	15	187,901	19,086
Total current assets		5,172,962	4,738,125
<b>Total assets</b>		<b>8,232,084</b>	<b>7,094,410</b>
<b>Equity attributable to Owners of the parent</b>			
Share capital	19	100	100
Retained earnings	20	2,903,848	2,285,088
<b>Total equity</b>		<b>2,903,948</b>	<b>2,285,188</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	16	1,517,607	1,446,780
Deferred tax liabilities	18	202,935	155,659
Total non-current liabilities		1,720,542	1,602,439
<b>Current liabilities</b>			
Loans and borrowings	16	1,787,456	1,175,938
Trade and other payables	17	1,820,138	2,030,845
Total current liabilities		3,607,594	3,206,783
<b>Total liabilities</b>		<b>5,328,136</b>	<b>4,809,222</b>
<b>Total equity and liabilities</b>		<b>8,232,084</b>	<b>7,094,410</b>

These accounts were approved by the directors and authorised for issue on 7/05/16 and are signed on their behalf by:



Mr G Helm



Mr D Moore

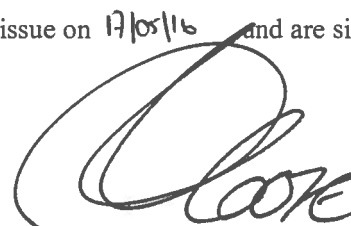
**SEAL IT SERVICES LIMITED****Company statement of financial position****Year ended 31 March 2016**

	Note	2016 £	2015 £
<b>Non-current assets</b>			
Property, plant and equipment	11	3,059,122	2,356,285
Investments	12	100	100
<b>Total non-current assets</b>		<b>3,059,222</b>	<b>2,356,385</b>
<b>Current assets</b>			
Inventory	13	1,618,693	1,564,715
Trade and other receivables	14	3,366,368	3,154,324
Cash and cash equivalents	15	187,901	5,108
<b>Total current assets</b>		<b>5,172,962</b>	<b>4,724,147</b>
<b>Total assets</b>		<b>8,232,184</b>	<b>7,080,532</b>
<b>Equity attributable to Owners of the parent</b>			
Share capital	19	100	100
Retained earnings	20	2,868,025	2,253,925
<b>Total equity</b>		<b>2,868,125</b>	<b>2,254,025</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	16	1,553,530	1,473,622
Deferred tax liabilities	18	202,935	155,659
<b>Total non-current liabilities</b>		<b>1,756,465</b>	<b>1,629,281</b>
<b>Current liabilities</b>			
Loans and borrowings	16	1,787,456	1,175,938
Trade and other payables	17	1,820,138	2,021,288
<b>Total current liabilities</b>		<b>3,607,594</b>	<b>3,197,226</b>
<b>Total liabilities</b>		<b>5,364,059</b>	<b>4,826,507</b>
<b>Total equity and liabilities</b>		<b>8,232,184</b>	<b>7,080,532</b>

These accounts were approved by the directors and authorised for issue on 17/05/16 and are signed on their behalf by:



Mr G Helm



Mr D Moore

Company Registration Number: 04487206

**SEAL IT SERVICES LIMITED****Consolidated statement of changes in equity****Year ended 31 March 2016**


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	<b>Issued capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
At 1 April 2015	100	2,285,088	2,285,188
Profit for the year	—	618,760	618,760
Total recognised income	100	618,760	618,760
At 31 March 2016	100	2,903,848	2,903,948

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	<b>Issued capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
At 1 April 2014	100	1,730,095	1,730,195
Profit for the year	—	654,993	654,993
Dividends paid	—	(100,000)	(100,000)
Total recognised income	100	554,993	554,993
At 31 March 2015	100	2,285,088	2,285,188

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**SEAL IT SERVICES LIMITED****Consolidated statement of cash-flows****Year ended 31 March 2016**

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Profit before taxation		780,088	754,723
Adjustment for:			
Depreciation	11	411,607	268,968
Net finance costs	7	90,495	80,511
Profit on sale of fixed assets		(39,222)	—
		<u>1,242,968</u>	<u>1,104,202</u>
Changes in working capital:			
Movement in inventory		(53,978)	(147,825)
Movement in trade and other receivables		(206,015)	(245,141)
Movement in trade and other payables		(223,751)	353,758
Cash generated from operations		<u>759,224</u>	<u>1,064,994</u>
Interest paid		(90,495)	(80,511)
Income tax paid		(107,037)	(127,821)
<b>Net cash inflow from operating activities</b>		<u>561,692</u>	<u>856,662</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(633,057)	(1,691,698)
<b>Net cash outflow from investing activities</b>		<u>(633,057)</u>	<u>(1,691,698)</u>
<b>Cash flows from financing activities</b>			
Capital element of finance lease repayments		(227,401)	(86,652)
Capital element of related party loans		19,346	551,612
Capital element of bank loans		(51,333)	744,333
Capital element of other loans movements		—	(532,255)
Dividends paid		—	(100,000)
<b>Net cash (outflow)/inflow from financing activities</b>		<u>(259,388)</u>	<u>577,038</u>
<b>Net (decrease) in cash and cash equivalents</b>		<u>(330,753)</u>	<u>(257,988)</u>
<b>Cash and cash equivalents at 1 April 2015</b>		<u>(974,320)</u>	<u>(716,322)</u>
<b>Cash and cash equivalents at 31 March 2016</b>		<u>(1,305,073)</u>	<u>(974,320)</u>

# SEAL IT SERVICES LIMITED

## Notes to the financial statements

Year ended 31 March 2016

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### 1. General Information

Seal It Services Limited is a company incorporated and domiciled in the United Kingdom. The registered office of the company is Unit G16, River Bank Way, Lowfield Business Park, West Yorkshire, HX5 9DN. The principal activity of the company is the manufacture and supply of building products and building chemicals.

### 2. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been applied consistently for all years presented unless otherwise stated.

#### Basis of preparation

The consolidated financial statements of Seal It Services Limited have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU). This is the first set of financial statements prepared under IFRS. Further details of the transition from UK GAAP to IFRS are contained in note 26. The consolidated financial statements have been prepared under the historical cost convention.

#### Going concern

The financial statements have been prepared on the going concern basis. After making appropriate enquiries and having prepared and reviewed cash flow forecasts which take into account reasonably possible changes in trading performance, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and for at least one year from the date of these financial statements. For these reasons they continue to adopt the going concern basis in preparing the group's financial statements.

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the group and all group undertakings. Acquisitions are accounted for under the acquisition method. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively.

#### Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. All such revenue is reported net of discounts and value added and other sales taxes.

#### Interest expense recognition

Expense is recognised as interest accrues, using the effective interest method, to the net carrying amount of the financial liability.

**SEAL IT SERVICES LIMITED****Notes to the financial statements****Year ended 31 March 2016**

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**2. Accounting policies (continued)****Effective interest method**

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to that asset's or liability's net carrying amount.

**Income tax**

Income tax for the years presented comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of other assets or liabilities that affect neither accounting nor taxable profit; nor differences relating to investments in subsidiaries to the extent that they are unlikely to reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.



**SEAL IT SERVICES LIMITED****Notes to the financial statements****Year ended 31 March 2016**

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**2. Accounting policies** *(continued)***Dividend distribution**

Dividend distribution to the group's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the group's shareholders.

**Fair value estimation**

Fair values are estimated based on the fair value hierarchy of IFRS 13 which defines the different levels of fair value as follows:

- quoted prices in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Inputs for the asset or liability that are not based on observable market data (level 3).

**Property, plant and equipment***Owned assets*

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

*Leased assets*

Leases under which the Group assumes substantially all the risks and rewards of ownership of an asset are classified as finance leases. Property, plant and equipment acquired under finance leases is recorded at fair value or, if lower, the present value of minimum lease payments at inception of the lease, less depreciation and any impairment.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in the other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment under finance leases is depreciated over the shorter of the useful life of the asset and lease term.

# SEAL IT SERVICES LIMITED

## Notes to the financial statements

Year ended 31 March 2016

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### 2. Accounting policies *(continued)*

#### *Depreciation*

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term. Freehold land is not depreciated. The estimated useful lives are as follows:

Freehold Property	- 4% Straight Line
Plant & Machinery	- 20% Straight Line
Fixtures & Fittings	- 20% Straight Line
Motor Vehicles	- 20% - 25% Straight Line
Equipment	- 20 - 33% Straight Line

#### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first in first out basis. Cost comprises material costs, direct wages and other direct production costs together with a proportion of production overheads relevant to the stage of completion of work in progress and finished goods and excludes borrowing costs. Net realisable value represents the estimated selling price less costs to completion and appropriate selling and distribution costs. Provision is made, where necessary, for slow moving, obsolete and defective inventories.

#### **Trade and other receivables**

Trade and other receivables are recognised by the group and carried at original invoice amount less an allowance for any uncollectible or impaired amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable.

Other receivables are recognised at fair value.

#### **Investments**

Fixed asset investments are stated at their purchase cost less any provision for diminution in value. Investment income is included in the profit and loss account on an accrual basis.

#### **Financial assets**

##### *Classification*

The Group classifies its financial assets as loans and receivables. Management determines the classification of its financial assets at initial recognition.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that arise principally through the provision of services to customers. They are initially recognised at fair value, and are subsequently stated at amortised cost using the effective interest method. They are all included in current assets. Loans and receivables comprise mainly cash and cash equivalents and trade and other receivables.

**SEAL IT SERVICES LIMITED****Notes to the financial statements****Year ended 31 March 2016**

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**2. Accounting policies (continued)***Impairment of financial assets*

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within other operating costs in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short term deposits. Short term deposits are defined as deposits with an initial maturity of three months or less.

Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

**Trade and other payables**

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

**Loans and borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

**Leases**

The costs associated with operating leases are taken to the income statement on a straight line basis over the period of the lease. Where the group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease", the accounting policy for which is disclosed in the property, plant and equipment accounting policy.

# SEAL IT SERVICES LIMITED

## Notes to the financial statements

Year ended 31 March 2016

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### 2. Accounting policies *(continued)*

#### Employee benefits: Pension obligations

The group operates a defined contribution plan. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense over the period of employee service. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### Foreign currency translation

The functional currency of the Group is pounds sterling because that is the currency of the primary economic environment in which the Group operates. The Group's presentation currency is pounds sterling.

#### *Transactions and balances*

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

The following exchange rates were applied for £1 at 31 March:

	2016	2015
United States dollar	1.43730	1.4845
Euro	1.26125	1.3822

#### Financial risk management objectives and policies

The objective of the group's capital management is to ensure that it maintains strong credit ratings and capital ratios. This will ensure that the business is correctly supported and shareholder value is maximised.

The group manages its capital structure through adjustments that are dependent on economic conditions. In order to maintain or adjust the capital structure, the group may choose to change or amend dividend payments to shareholders or issue new share capital to shareholders. There were no changes to the objectives, policies or processed during the period ended 31 March 2016.

# SEAL IT SERVICES LIMITED

## Notes to the financial statements

Year ended 31 March 2016

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### 2. Accounting policies *(continued)*

#### New standards, amendments and interpretations

*Standards, amendments and interpretations effective and adopted by the group:*

IFRSs expected to be applicable, in so far as this is currently known, to these first annual financial statements of the group, have been applied. The accounting policies adopted in the presentation of the financial statements reflect the adoption of the following new standards as of 1 April 2015:

- **IAS 1 (amendment), 'Financial statement presentation'** (effective 1 July 2013). This amendment changes the disclosure of items presented in other comprehensive income (OCI) in the statement of comprehensive income. The amendment does not have a material impact on the financial statements.
- **IFRS 13 'Fair value measurement'** (effective 1 January 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The standard did not have a material impact on the financial statements.

*Standards, amendments and interpretations which are not effective or early adopted by the group:*

- **IFRS 9 'Financial instruments'** (effective 1 January 2018). This is a new standard on classification and measurement of financial assets that will replace IAS 39. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. Amortised cost accounting will also be applicable for most financial liabilities, with bifurcation of embedded derivatives. The main change is that in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. IFRS 9 will also introduce an 'expected loss' impairment model replacing the 'incurred loss' model. This new model will mean an entity will now always recognise 12 months of expected losses on financial assets in profit or loss. The group is yet to assess the impact of IFRS 9 on its financial statements.
- **IFRS 15 'Revenue from contracts with customers'** (effective 1 January 2017) The objective of IFRS 15 is to clarify the principles of revenue recognition with the core principle being to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group is yet to assess the impact of IFRS 15 on its financial statements.

**SEAL IT SERVICES LIMITED****Notes to the financial statements****Year ended 31 March 2016**

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**2. Accounting policies** *(continued)***New standards, amendments and interpretations** *(continued)*

- **IFRS 16 'Leases'** (effective 1 January 2019). This is a new standard establishing principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The standard replaces IAS 17 and provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Group is yet to assess the impact of IFRS 16 on its financial statements.

**3. Critical accounting judgements and estimates**

The preparation of the group's financial statements under IFRS requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Estimates 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 directors have considered that the following estimates or judgements likely to have the significant effect on the amounts recognised in the financial statements:

**Depreciation of tangible fixed assets**

Tangible fixed assets (as detailed in note 11), are depreciated at historical cost using a straight-line method based on the estimated useful life, taking into account any residual value. The asset's residual value and useful life are based on the directors' best estimates and are reviewed, and adjusted if required, at each balance sheet date. If the estimate of useful lives was adjusted by increase/decrease one year with all other variables held constant, the depreciation charge would have been £15k/£28k lower/higher than the charge recognised in the income statement.

**4. Revenue**

All revenue relates to the sale of goods.

**SEAL IT SERVICES LIMITED****Notes to the financial statements****Year ended 31 March 2016****5. Expenses by nature**

	2016	2015
	£	£
Raw materials and consumables used	8,831,679	9,520,604
Employee costs	2,045,149	1,904,313
Depreciation	411,607	268,968
Leasing payments	41,359	238,505
Repairs	167,982	203,177
Other cost of sales	173,627	153,928
Transport	601,793	674,406
Other distribution costs	383,395	226,120
Foreign currency gains	(42,609)	(131,967)
Other administrative costs	316,920	387,802
	<u>12,930,902</u>	<u>13,445,856</u>

**6. Employees and directors****Staff numbers:**

The average number of staff employed by the group during the financial year amounted to:

	2016	2015
	No	No
Number of production staff	23	22
Number of distribution staff	23	16
Number of administrative staff	31	35
Number of management staff	3	2
	<u>80</u>	<u>75</u>

**Payroll costs:**

The aggregate payroll costs of the above were:

	2016	2015
	£	£
Wages and salaries	1,817,345	1,692,931
Employers' national insurance contributions and similar taxes	160,855	162,188
Defined contribution pension cost	66,949	49,194
	<u>2,045,149</u>	<u>1,904,313</u>

**SEAL IT SERVICES LIMITED****Notes to the financial statements****Year ended 31 March 2016****6. Employees and directors (continued)****Directors' remuneration:**

The directors' aggregate remuneration in respect of qualifying services were:

	2016 £	2015 £
Remuneration receivable	270,410	205,038
Defined contribution pension cost	66,949	49,194
	<u>337,359</u>	<u>254,232</u>

**Remuneration of highest paid director:**

	2016 £	2015 £
Total remuneration (excluding pension contributions)	104,480	118,736
Value of company pension contributions to money purchase schemes	44,100	39,194
	<u>148,580</u>	<u>157,930</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2016 No.	2015 No.
Money purchase schemes	<u>1</u>	<u>1</u>

**Key management compensation:**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, both directly and indirectly.

The following table details the aggregate compensation paid in respect of the members of key management:

	2016 £	2015 £
Remuneration receivable	270,410	205,038
Defined contribution pension cost	66,949	49,194
	<u>337,359</u>	<u>254,232</u>

**Retirement benefits:**

The group runs a defined benefit pension scheme for its employees. During the year, the group made contributions of £66,949 (2015: £49,194).



**SEAL IT SERVICES LIMITED****Notes to the financial statements****Year ended 31 March 2016****7. Finance costs**

	2016 £	2015 £
Interest payable on bank borrowing	56,933	57,216
Finance charges	14,216	12,010
Other similar charges payable	19,346	11,285
	<u>90,495</u>	<u>80,511</u>

**8. Auditors remuneration**

	2016 £	2015 £
Auditor's remuneration		
- as auditor	20,000	8,500
Other services:		
- taxation services	2,000	2,000
Total	<u>22,000</u>	<u>10,500</u>

**9. Taxation****(a) Analysis of charge in the year**

	2016 £	2015 £
Current tax:		
In respect of the year:		
Current tax based on the results for the year at 20% (2015 - 21%)	120,081	103,174
(Over)/under provision in prior year	(6,029)	(99,268)
Total current tax	<u>114,052</u>	<u>3,906</u>
Deferred tax:		
Origination and reversal of timing differences	47,276	95,824
Tax on profit on ordinary activities	<u>161,328</u>	<u>99,730</u>

**SEAL IT SERVICES LIMITED****Notes to the financial statements****Year ended 31 March 2016****9. Taxation (continued)****(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 20% (2015 - 21%).

	2016 £	2015 £
Profit before taxation	<u>780,088</u>	<u>754,723</u>
Profit by rate of corporation tax in UK	156,018	158,550
Expenses not deductible for tax purposes	14,072	11,977
Deficit of depreciation over capital allowances	(51,906)	(59,722)
Effect of differing tax rate	–	(281)
Adjustments to tax charge in respect of previous periods	(6,029)	(99,268)
Other provision	1,897	(7,350)
Deferred tax – fixed asset timing difference	48,607	92,589
Deferred tax – Short term timing difference	(1,331)	3,235
Income tax charge	<u>161,328</u>	<u>99,730</u>

**10. Dividends****Equity dividends**

	2016 £	2015 £
Paid during the year		
Equity dividends on ordinary shares	<u>–</u>	<u>100,000</u>

**SEAL IT SERVICES LIMITED****Notes to the financial statements****Year ended 31 March 2016****11. Property, Plant and Equipment****Group and company**

	<b>Land &amp; Buildings £</b>	<b>Plant &amp; Machinery £</b>	<b>Fixtures &amp; Fittings £</b>	<b>Motor Vehicles £</b>	<b>Equipment £</b>	<b>Total £</b>
<b>Cost</b>						
At 1 Apr 2015	1,351,573	1,793,539	182,932	115,285	115,717	3,559,046
Additions	79,930	820,554	163,853	22,597	39,010	1,125,944
Disposals	–	(11,500)	–	–	–	(11,500)
Transfers	38,800	–	(38,800)	–	–	–
<b>At 31 Mar 2016</b>	<b><u>1,470,303</u></b>	<b><u>2,602,593</u></b>	<b><u>307,985</u></b>	<b><u>137,882</u></b>	<b><u>154,727</u></b>	<b><u>4,673,490</u></b>
<b>Depreciation</b>						
At 1 Apr 2015	38,436	946,512	67,295	62,941	87,577	1,202,761
Charge for the year	63,159	287,799	25,897	16,010	18,742	411,607
<b>At 31 Mar 2016</b>	<b><u>101,595</u></b>	<b><u>1,234,311</u></b>	<b><u>93,192</u></b>	<b><u>78,951</u></b>	<b><u>106,319</u></b>	<b><u>1,614,368</u></b>
<b>Net book value</b>						
<b>At 31 Mar 2016</b>	<b><u>1,368,708</u></b>	<b><u>1,368,282</u></b>	<b><u>214,793</u></b>	<b><u>58,931</u></b>	<b><u>48,408</u></b>	<b><u>3,059,122</u></b>
At 31 Mar 2015	<u>1,313,137</u>	<u>847,027</u>	<u>115,637</u>	<u>52,344</u>	<u>28,140</u>	<u>2,356,285</u>

**Finance lease commitments**

Included within the net book value of £3,059,122 is £756,336 (2015: £412,142) relating to assets held under finance lease commitments. The depreciation charged to the financial statements in the year in respect of such assets amounted to £102,931 (2015 - £62,176).

**Capital commitments**

	<b>2016 £</b>	<b>2015 £</b>
Contracted but not provided for in the financial statements	<b><u>114,300</u></b>	<b><u>103,015</u></b>

**SEAL IT SERVICES LIMITED****Notes to the financial statements****Year ended 31 March 2016****12. Investments**

<b>Company</b>	<b>Group companies £</b>
<b>Cost</b>	
At 1 April 2015 and 31 March 2016	<u>100</u>
<b>Net book value</b>	
At 31 March 2016 and 31 March 2015	<u>100</u>
<b>Subsidiary undertakings</b>	
All held by the company:	

	<b>Country of incorporation</b>	<b>Holding</b>	<b>Proportion of voting rights and shares held</b>	<b>Nature of business</b>
Calder Distribution Limited	United Kingdom	Ordinary shares	100%	Distribution

The registered office of Calder Distribution Limited is: Unit G16 River Bank Way, Lowfields Business Park, Elland, West Yorkshire, UK, HX5 9DN.

**13. Inventories**

<b>Group and company</b>	<b>2016 £</b>	<b>2015 £</b>
Finished goods	<u>1,618,693</u>	<u>1,564,715</u>

The cost of inventories recognised as expenses and included in cost of sales amounted to £9,559,065 (2015: £10,500,736).

**14. Trade and other receivables**

<b>Group and company</b>	<b>2016 £</b>	<b>2015 £</b>
Trade receivables (net)	3,103,721	2,881,804
Other receivables	139,851	211,571
Prepayments and accrued income	61,012	60,949
Amounts owed by related parties	61,784	—
	<u>3,366,368</u>	<u>3,154,324</u>

**SEAL IT SERVICES LIMITED****Notes to the financial statements****Year ended 31 March 2016****14. Trade and other receivables (continued)**

Trade and other receivables are held at cost as fair value approximates cost. Trade and other receivables are considered past due once they have passed their contracted due date. Trade receivables are reviewed for impairment if they are past due beyond 90 days.

The carrying amounts of the group's trade and other receivables are denominated in the following currencies:

	2016 £	2015 £
Sterling	3,366,368	3,150,933
US Dollars	—	3,391
	<u>3,366,368</u>	<u>3,154,324</u>

Movements on the group provision for impairment of trade receivables are as follows:

	2016 £'000	2015 £'000
At 1 April 2015	25,459	28,824
Provision for receivables impairment	21,415	2,207
Receivables written off during the year as uncollectible	(12,510)	(5,572)
At 31 March 2016	<u>34,364</u>	<u>25,459</u>

The creation and release of provision for impaired receivables have been included in 'administrative expenses' in the income statement. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The group does not hold any collateral as security.

At 31 March 2016, trade receivables of £41,628 (2015: £Nil) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The ageing analysis of these trade receivables is as follows:

	2016 £'000	2015 £'000
Up to 3 months	—	—
3 to 6 months	41,628	—
Over 6 months	—	—
At 31 March	<u>41,628</u>	<u>—</u>

# SEAL IT SERVICES LIMITED

## Notes to the financial statements

Year ended 31 March 2016

### 14. Trade and other receivables *(continued)*

At 31 March 2016, trade receivables of £34,364 (2015: £25,459) were impaired. The ageing analysis of these trade receivables is as follows:

	2016 £'000	2015 £'000
Up to 3 months	8,439	7,446
3 to 6 months	13,300	5,301
Over 6 months	12,625	12,712
At 31 March	<u>34,364</u>	<u>25,459</u>

### 15. Cash and cash equivalents

Group	2016 £	2015 £
Cash and cash equivalents	<u>187,901</u>	<u>19,086</u>

All cash and cash equivalents are denominated in £ Sterling.

Company	2016 £	2015 £
Cash and cash equivalents	<u>187,901</u>	<u>5,108</u>

All cash and cash equivalents are denominated in £ Sterling.

### 16. Loans and borrowings

Group	2016 £	2015 £
<b>Non-current</b>		
Bank borrowings	641,667	693,000
Loans from related party	570,958	551,612
Finance leases	304,982	202,168
Total non-current loans and borrowings	<u>1,517,607</u>	<u>1,446,780</u>
<b>Current</b>		
Bank borrowings	1,544,307	1,044,739
Finance leases	243,149	131,199
Total current loans and borrowings	<u>1,787,456</u>	<u>1,175,938</u>
Total loans and borrowings	<u>3,305,063</u>	<u>2,622,718</u>

All loans and borrowings are denominated in £ Sterling.

**SEAL IT SERVICES LIMITED****Notes to the financial statements****Year ended 31 March 2016****16. Loans and borrowings (continued)**

The bank borrowings are secured by a fixed charge on book debts and a floating charge on the assets of the group.

The interest rate profile of interest bearing borrowings is as follows:

	2016		2015	
	Debt £	Interest %	Debt £	Interest %
<b>Non-current</b>				
Bank borrowings	641,667	2.5%	693,000	2.5%
Loans from group undertakings	570,958	3.0%	551,612	3.0%
Finance leases	304,982	8.6%	202,168	10%
	<u>1,517,607</u>		<u>1,446,780</u>	
<b>Current</b>				
Bank borrowings	1,544,307	2.5%	1,044,739	2.5%
Finance leases	243,149	8.6%	131,199	10%
	<u>1,787,456</u>		<u>1,175,938</u>	

The carrying amount and fair values of the non-current borrowings are follows:

	2016		2015	
	Debt £	Fair values £	Debt £	Fair values £
<b>Non-current</b>				
Bank borrowings	641,667	526,562	693,000	563,800
Loans from related party	570,958	507,289	551,612	475,825
Finance leases	304,982	273,209	202,168	176,792
	<u>1,517,607</u>	<u>1,307,060</u>	<u>1,446,780</u>	<u>1,216,417</u>
<b>Current</b>				
Bank borrowings	1,544,307	1,544,307	1,044,739	1,044,739
Finance leases	243,149	243,149	131,199	131,199
	<u>1,787,456</u>	<u>1,787,456</u>	<u>1,175,938</u>	<u>1,175,938</u>

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values of non-current borrowings are determined using Level 3 of the fair value hierarchy and are based on cash flows discounted using a rate based on the borrowing rates noted above.

**SEAL IT SERVICES LIMITED****Notes to the financial statements****Year ended 31 March 2016****16. Loans and borrowings (continued)**

The maturity profile of loans and borrowings is as follows:

	2016 £	2015 £
Less than one year	1,787,456	1,175,938
Between one and five years	1,081,272	959,112
Over five years	436,335	487,668
Total loans and borrowings	<u>3,305,063</u>	<u>2,622,718</u>

**Company**

	2016 £	2015 £
<b>Non-current</b>		
Bank borrowings	641,667	693,000
Loans from related party	606,881	578,454
Finance leases	304,982	202,168
Total non-current loans and borrowings	<u>1,553,530</u>	<u>1,473,622</u>
<b>Current</b>		
Bank borrowings	1,544,307	1,044,739
Finance leases	243,149	131,199
Total current loans and borrowings	<u>1,787,456</u>	<u>1,175,938</u>
Total loans and borrowings	<u>3,340,986</u>	<u>2,649,560</u>

All loans and borrowings are denominated in £ Sterling.

The bank borrowings are secured by a fixed charge on book debts and a floating charge on the assets of the group.

The interest rate profile of interest bearing borrowings is as follows:

	2016		2015	
	Debt £	Interest %	Debt £	Interest %
<b>Non-current</b>				
Bank borrowings	641,667	2.5%	693,000	2.5%
Loans from related party	606,881	3.0%	578,454	3.0%
Finance leases	304,982	8.6%	202,168	10%
	<u>1,553,530</u>		<u>1,473,622</u>	
<b>Current</b>				
Bank borrowings	1,544,307	2.5%	1,044,739	2.5%
Finance leases	243,149	8.6%	131,199	10%
	<u>1,787,456</u>		<u>1,175,938</u>	



**SEAL IT SERVICES LIMITED****Notes to the financial statements****Year ended 31 March 2016****16. Loans and borrowings (continued)**

The carrying amount and fair values of the non-current borrowings are follows:

**Company:**

	2016		2015	
	Debt £	Fair values £	Debt £	Fair values £
<b>Non-current</b>				
Bank borrowings	641,667	526,562	693,000	563,800
Loans from related party	606,881	539,206	578,454	498,980
Finance leases	304,982	273,209	202,168	176,792
	<u>1,553,530</u>	<u>1,338,977</u>	<u>1,473,622</u>	<u>1,239,572</u>
<b>Current</b>				
Bank borrowings	1,544,307	1,544,307	1,044,739	1,044,739
Finance leases	243,149	243,149	131,199	131,199
	<u>1,787,456</u>	<u>1,787,456</u>	<u>1,175,938</u>	<u>1,175,938</u>

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values of non-current borrowings are determined using Level 3 of the fair value hierarchy and are based on cash flows discounted using a rate based on the borrowing rates noted above.

The maturity profile of loans and borrowings is as follows:

	2016	2015
	£	£
Less than one year	1,787,456	1,175,938
Between one and five years	1,117,195	985,954
Over five years	436,335	487,668
Total loans and borrowings	<u>3,340,986</u>	<u>2,649,560</u>

**17. Trade and other payables****Group**

	2016	2015
	£	£
<b>Current</b>		
Trade payables	899,109	1,014,992
Corporation tax	50,041	36,997
Other taxation and social security	368,397	440,599
Accruals and deferred income	482,192	538,257
Other payables	20,399	—
	<u>1,820,138</u>	<u>2,030,845</u>

## SEAL IT SERVICES LIMITED

## Notes to the financial statements

Year ended 31 March 2016

## 17. Trade and other payables (continued)

	Company	
	2016	2015
	£	£
<b>Current</b>		
Trade payables	899,109	1,014,992
Corporation tax	50,041	36,997
Other taxation and social security	368,397	440,599
Accruals and deferred income	482,192	538,257
Other payables	20,399	—
	<u>1,820,138</u>	<u>2,030,845</u>

The fair value of trade and other payables approximates their carrying value due to short maturities.

## 18. Deferred taxation

The movement in the deferred taxation provision during the year was:

	Group and company	
	2016	2015
	£	£
Provision brought forward	155,659	59,835
Increase in provision	47,276	95,824
Provision carried forward	<u>202,935</u>	<u>155,659</u>

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of:

Group and Company	2016		2015	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	<u>202,935</u>	<u>—</u>	<u>155,659</u>	<u>—</u>

## 19. Share capital

## Group and company

Allotted, called up and fully paid:

	2016		2015	
	No	£	No	£
Ordinary shares of £1 each	—	—	—	—
X Ordinary shares of £1 each	80	80	80	80
Y Ordinary shares of £1 each	20	20	20	20
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

**SEAL IT SERVICES LIMITED****Notes to the financial statements****Year ended 31 March 2016****20. Retained earnings****Group**

	<b>Retained earnings £</b>
Balance at 1 April 2015	2,285,088
Profit for the year	618,760
	<u>618,760</u>
Balance at 31 March 2016	<u>2,903,848</u>

	<b>Retained earnings £</b>
Balance at 1 April 2014	1,730,095
Profit for the year	654,993
Dividends paid	(100,000)
	<u>554,993</u>
Balance at 31 March 2015	<u>2,285,088</u>

**Company**

	<b>Retained earnings £</b>
Balance at 1 April 2015	2,253,925
Profit for the year	614,100
Equity dividends	—
	<u>2,868,025</u>
Balance at 31 March 2016	<u>2,868,025</u>

	<b>Retained earnings £</b>
Balance at 1 April 2014	1,730,195
Profit for the year	623,730
Equity dividends	(100,000)
	<u>2,253,925</u>
Balance at 31 March 2015	<u>2,253,925</u>

# SEAL IT SERVICES LIMITED

## Notes to the financial statements

Year ended 31 March 2016

### 21. Financial risk management objectives and policies

#### Credit risk

The group trades only with recognised, credit worthy customers. All customers who wish to trade on credit are subject to credit verification checks. Customer balances are checked regularly to ensure that the risk of exposure to bad debts is minimised. The group does not hold any security over assets as collateral.

At 31 March 2016 the provision for impairment of trade and other receivables totalled £34,364. At 31 March 2016, trade and other receivables totalling £41,628 were considered past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

#### Liquidity risk

The group has given responsibility of liquidity risk management to the board who have formulated liquidity management tools to service this requirement. Management of liquidity risk is achieved by monitoring budgets and forecasts and actual cash flows.

The maturity profile of loans and borrowings and trade and other payables is included in Notes 16 and 17.

#### Market risk

The group's main exposure to risk is through interest rates. The group's interest rate risk arises from the borrowings as disclosed in Note 16. Where possible the group seeks to fix the interest rates that it pays to mitigate the risk of interest rate fluctuations.

#### Capital management

The aim of the group is to maintain sufficient funds to enable it to safeguard its ability to continue as a going concern and to make suitable investments and incremental acquisitions while providing returns for shareholders.

	2016		2015	
	Loans and receivables £	Fair values £	Loans and receivables £	Fair values £
<b>Financial assets</b>				
Cash and cash equivalents	187,901	187,901	19,086	19,086
Trade and other receivables	3,305,356	3,243,572	3,093,375	3,093,375
	<u>3,493,257</u>	<u>3,431,473</u>	<u>3,112,461</u>	<u>3,112,461</u>

## SEAL IT SERVICES LIMITED

## Notes to the financial statements

Year ended 31 March 2016

## 21. Financial risk management objectives and policies (continued)

	2016		2015	
	Financial liabilities at amortised cost	Fair values	Financial liabilities at amortised cost	Fair values
	£	£	£	£
<b>Financial liabilities</b>				
Trade and other payables (excluding non-financial liabilities)	1,401,700	1,401,700	1,553,249	1,553,249
Loans from related party	570,958	507,289	551,612	475,825
Bank borrowings	2,185,974	2,070,869	1,737,739	1,608,539
Finance leases	548,131	516,358	333,367	307,991
	<u>4,706,763</u>	<u>4,496,216</u>	<u>4,175,967</u>	<u>3,945,604</u>

Financial liabilities have the following undiscounted maturity profile:

	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
	£	£	£	£
At 31 March 2016				
Loans and borrowings	1,787,456	407,648	673,624	436,335
Trade and other payables (excluding tax and social security)	1,401,700	—	—	—
	<u>3,189,156</u>	<u>407,648</u>	<u>673,624</u>	<u>436,335</u>
At 31 March 2015				
Loans and borrowings	1,175,938	304,834	654,278	487,668
Trade and other payables (excluding tax and social security)	1,553,249	—	—	—
	<u>2,729,187</u>	<u>304,834</u>	<u>654,278</u>	<u>487,668</u>

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, trade and other payables, loans from group undertakings, bank borrowings and finance leases.

Due to their short term nature the carrying value of cash and cash equivalents, trade and other receivables and trade and other payables approximates their fair value.

For details of the fair value hierarchy, valuation techniques, and significant observable inputs related to determining the fair value of loans and borrowings, which are classified in level 3 of the fair value hierarchy, refer to Note 16.

**SEAL IT SERVICES LIMITED****Notes to the financial statements****Year ended 31 March 2016****22. Leases****Group and company****Commitments under finance lease agreements**

Future commitments under finance lease agreements are as follows:

	2016 £	2015 £
Amounts payable within 1 year	264,525	143,942
Amounts payable between 1 and 2 years	219,318	133,633
Amounts payable between 2 and 5 years	111,694	88,425
	<u>595,537</u>	<u>366,000</u>
Less interest and finance charges relating to future periods	(47,406)	(32,633)
	<u>548,131</u>	<u>333,367</u>

**Commitments under operating leases**

The Group leases various properties under non-cancellable operating lease agreements. The lease terms are between 2 and 5 years, and the majority of lease agreements are renewable at the end of the lease period at market rate. The Group also leases various vehicles, plant and equipment under non- cancellable lease agreements.

The lease expenditure charged to the income statement during the year is disclosed in note 5. The future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Within 1 year	113,835	72,510
Later than 1 year and less than 5 years	84,033	197,842
Greater than 5 years	—	—
	<u>197,868</u>	<u>270,352</u>

**23. Contingencies**

The group entered into an incentive agreement with one of the directors which will be payable on 26 August 2019, in the amount of £200,000, provided certain criteria are met. As these criteria have not yet been met the group are unable to adequately assess the likelihood of payment and accordingly no provision has been recorded in these financial statements.

**SEAL IT SERVICES LIMITED****Notes to the financial statements****Year ended 31 March 2016**

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**24. Related party transactions**

The group was under the control of the directors up to the date 26 August 2014. On this date, Astral Poly Technik Limited acquired 80% of the share capital and the group has since been under their control.

On 26 August 2014 Astral Poly Technik Limited, a group incorporated in India, acquired 80% of the share capital of Seal It Services Limited. On 26 August 2014 Astral Poly Technik Limited made a loan to Seal It Services Limited for £810,000. This loan was made on an arm's length basis with a commercial rate of interest of 1.75% above HSBC Bank Base Rate. At the year-end £570,958 remained outstanding.

Details of directors' remuneration and key management compensation payable by the group during the period are disclosed in Note 6.

No other transactions with related parties were undertaken such as are required to be disclosed under IAS 24.

**25. Ultimate parent company**

The parent company is Astral Poly Technik Limited from this date. The consolidated results of Seal It Services Limited are included with the group accounts of Astral Poly Technik Limited which are publicly available from Astral Poly Technik Limited, 207/1, Bh. Rajpath Club, Off SG Highway, Ahmedabad.

**26. First time adoption of IFRS**

This is the first time that the Group has adopted IFRS (as adopted by the EU) having previously applied applicable UK accounting standards.

Accordingly the Group has prepared financial statements which comply with IFRS for the year ending 31 March 2016 together with comparative period data as at and for the year ended 31 March 2015. In preparing these financial statements, the Group's opening statement of financial position was prepared as at 1 April 2015, the Group's date of transition to IFRS.

Other than the requirement to provide additional disclosures under IFRS, there was no material effect of applying IFRS for the first time.

**27. Events after the reporting date**

On 6 May 2016 Seal It Services Inc, a 100% subsidiary of Seal It Services Limited, acquired the assets of Rowe Industries Inc for \$3.25m. Seal It Services Inc is a registered company in the USA.