# ASTRAL BIOCHEM PRIVATE LIMITED

## Financial Statements

## For FY 2016 -17

N. GAMADIA & CO.
CHARTERED ACCOUNTANTS

CA. Nilesh Gupta
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# INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying Ind AS financial statements of Astral Biochem Private Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

## 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 Ind AS financial statements that give a true and fair view of the state of affairs(financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act. 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 Ind AS financial statements

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CHARTERED ACCOUNTANTS

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 Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and 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 of the Ind AS financial statements 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 about whether the Ind AS financial statements are free from material misstatement.

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

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

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**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information 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 including the Ind AS, of the financial position of the Company as at 31st March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity 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 Section 143(11) of the Act, we give in **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the 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 purposes 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, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of accounts.
   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
   e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a Director in terms of Section 164(2) of the Act.

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f) With respect to the adequacy of the 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:

I. The Company does not have any pending litigations which would impact its financial position.

II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

III. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

IV. The Company has provided requisite disclosures in the Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and are in accordance with books of account maintained by the Company. Refer Note No. 18 to Notes to Accounts of Ind AS financial statements.

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

N. GAMADIA & CO. FRN : 116075W AHMEDABAD CHARTERED ACCOUNTANTS

**CA. Nilesh Gupta**
**Partner**
**M. No. 100426**

**Date: 10/05/2017**
**Place: Ahmedabad**

## ANNEXURE – A TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to the Independent Auditors' Report to the members of the Company on Ind AS financial statements for the year ended 31 March 2017, we report that:

I. Having regard to the nature of the Company's business, clauses (ii), (vi), (viii) and (xii) of paragraph 3 of Companies (Auditor's Report) Order, 2016 ("the Order") do not apply to the Company.

II. (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.

III. 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.

IV. 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.

V. The Company has not accepted any deposits during the year, therefore the directives issued by the Reserve Bank of India and the provisions of

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the section 73 to 76 and other relevant provisions of the Companies Act, 2013 and the rules framed thereunder will not be applicable.

VI. (a) According to the records of the Company, the Company is regular in depositing 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 31st March, 2017 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.

VII. 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.

VIII. 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.

IX. According to the information and explanations given to us, the Company has not paid any managerial remuneration during the year.

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X. 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.

XI. 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.

XII. According to information and explanation provided to us, the company has not entered into any non-cash transactions with directors.

XIII. 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

N. GAMADIA & CO. FRN : 116075W AHMEDABAD CHARTERED ACCOUNTANTS

CA Nilesh Gupta
Partner
M. No. 100426

Date: 10/05/2017
Place: Ahmedabad

# ANNEXURE – B TO THE INDEPENDENT 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 31st March, 2017 in conjunction with our audit of the Ind AS 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

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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 Ind AS 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 Ind AS 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 Ind AS 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

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acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS 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 31st March, 2017, 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

N. GAMADIA & CO. FRN : 116075W AHMEDABAD CHARTERED ACCOUNTANTS

CA Nilesh Gupta
Partner
M. No. 100426

Date: 10/05/2017
Place: Ahmedabad

**ASTRAL BIOCHEM PRIVATE LIMITED**

**BALANCE SHEET AS AT MARCH 31, 2017**

(Rs. In Lacs)

| Particulars | Note | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non Current Assets** | | | | |
| a Property,Plant and Equipment | 4 | 441.71 | 441.71 | 439.00 |
| b Capital Work-in-Progress | 4 | 147.50 | 6.25 | 6.25 |
| c Financial Assets | | | | |
| i. Other financial assets | 5 | 2.72 | 0.50 | 0.50 |
| d Deferred Tax Assets (Net) | 6 | 6.92 | - | - |
| **Total Non Current Assets** | | **598.85** | **448.46** | **445.75** |
| **Current Assets** | | | | |
| a Financial Assets | | | | |
| i. Cash and Cash Equivalents | 7 | 6.19 | 0.66 | 1.58 |
| ii .Other Financial Assets | 5 | 0.25 | - | - |
| **Total Current Assets** | | **6.44** | **0.66** | **1.58** |
| **Total Assets** | | **605.29** | **449.12** | **447.33** |
| **EQUITY AND LIABILITIES** | | | | |
| **EQUITY** | | | | |
| a Equity Share Capital | 8 | 5.00 | 5.00 | 5.00 |
| b Other Equity | | (101.50) | (38.09) | 12.81 |
| **Total Equity** | | **(96.50)** | **(33.09)** | **17.81** |
| **LIABILITIES** | | | | |
| **Non Current Liabilities** | | | | |
| a Financial Liabilities | | | | |
| i. Borrowings | 9 | 166.48 | 481.87 | 429.41 |
| **Total Non Current Liabilities** | | **166.48** | **481.87** | **429.41** |
| **Current Liabilities** | | | | |
| a Financial Liabilities | | | | |
| i. Borrowings | 9 | 505.68 | - | - |
| ii.Trade Payables | 10 | 2.21 | 0.17 | 0.11 |
| iii.Other Financial Liabilities | 11 | 26.41 | - | - |
| b Other Current Liabilities | 12 | 1.01 | 0.17 | - |
| **Total Current Liabilities** | | **535.31** | **0.34** | **0.11** |
| **Total Equity & Liabilties** | | **605.29** | **449.12** | **447.33** |
| **See accompanying notes forming part of the financial statements** | **1 to 19** | | | |

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 : 10/05/2017

**For and on behalf of the Board**

**(Sandeep P. Engineer)**
Director
DIN : 00067112

**(Saumya S. Engineer)**
Director
DIN : 03105129

Place : Ahmedabad
Date : 10/05/2017

ASTRAL BIOCHEM PRIVATE LIMITED

STATEMENT OF PROFIT AND LOSS FOR YEAR ENDED ON MARCH 31, 2017

(Rs. In Lacs)

| Particulars | Note | 2016-17 | 2015-16 |
|---|---|---|---|
| **Income** | | - | - |
| **Total Income** | | - | - |
| **Expenses** | | | |
| Finance cost | 13 | 5.20 | 43.39 |
| Other Expenses | 14 | 17.20 | 7.51 |
| **Total Expenses** | | **22.40** | **50.90** |
| **Profit/(Loss) Before Tax** | | (22.40) | (50.90) |
| Tax Expense | | | |
| Current Tax | | - | - |
| Defererd Tax | | (6.92) | - |
| | | (6.92) | - |
| **Profit/(Loss) For the Period** | | **(15.48)** | **(50.90)** |
| **Other comprehensive income** | | - | - |
| **Total comprehensive income for the period** | | **(15.48)** | **(50.90)** |
| Earnings Per Share: Face Value of Re. 10/- each | 16 | | |
| Basic | | (30.96) | (101.80) |
| Diluted | | (30.96) | (101.80) |
| **See accompanying notes forming part of the financial statements** | **1 to 19** | | |

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 : 10/05/2017

**For and on behalf of the Board**

**(Sandeep P. Engineer)**
Director
DIN : 00067112

**(Saumya S. Engineer)**
Director
DIN : 03105129

Place : Ahmedabad
Date : 10/05/2017

ASTRAL BIO CHEM PRIVATE LIMITED
STATEMENT OF CHANGES IN EQUITY

## A Equity share capital

(Rs in lacs)

| Particulars | Amount |
|---|---|
| **Balance at April 1, 2015** | 5.00 |
| Changes in equity share capital during the year | - |
| **Balance at March 31, 2016** | **5.00** |
| Changes in equity share capital during the year | - |
| **Balance at March 31, 2017** | **5.00** |

## B Other equity

(Rs in lacs)

| Particulars | Reserves and surplus | | Total |
|---|---|---|---|
| | Capital reserves | Retained earnings | |
| **Balance at April 1, 2015** | 91.32 | (78.51) | **12.81** |
| Profit for the year | | (50.90) | **(50.90)** |
| Other comprehensive income for the year, net of income tax | - | - | - |
| **Total comprehensive income for the year** | - | **(50.90)** | **(50.90)** |
| **Balance at March 31, 2016** | **91.32** | **(129.41)** | **(38.09)** |
| Profit for the year | - | (15.48) | **(15.48)** |
| Addition/Deletion during the Year | (47.93) | - | **(47.93)** |
| Other comprehensive income for the year, net of income tax | - | - | - |
| **Total comprehensive income for the year** | **(47.93)** | **(15.48)** | **(63.41)** |
| **Balance at March 31, 2017** | **43.39** | **(144.89)** | **(101.50)** |

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 : 10/05/2017

N. GAMADIA & CO. FRN : 116075W AHMEDABAD CHARTERED ACCOUNTANTS

ASTRAL BIOCHEM PRIVATE LIMITED AHMEDABAD

**For and on behalf of the Board**

**(Sandeep P. Engineer)**
Director
DIN : 00067112

**(Saumya S. Engineer)**
Director
DIN : 03105129

Place : Ahmedabad
Date : 10/05/2017

ASTRAL BIOCHEM PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED ON MARCH 31, 2017

(Rs. In Lacs)

| No. | PARTICULARS | 2016-17 | 2015-16 |
|---|---|---|---|
| A. | **Cash flow from Operating Activities** | | |
| | **Profit Before Tax** | **(22.40)** | **(50.90)** |
| | **Changes in Working Capital:** | | |
| | Increase /(Decrease) in trade Payables,other liabilities and provisions | 2.88 | 0.23 |
| | Add: (Increase)/Decrease in trade & other receivables | (2.47) | - |
| | **Cash generated from operations** | **0.41** | **0.23** |
| | **Net cash from operating Activities** | **(21.99)** | **(50.67)** |
| | | | |
| B. | **Cash flow from Investing Activities:** | | |
| | Purchase of Fixed Assets | - | (2.71) |
| | Capital work-in-progress | (114.84) | - |
| | **Net Cash used in Investing Activities** | **(114.84)** | **(2.71)** |
| | | | |
| C. | **Cash Flow from Financing Activities :** | | |
| | Proceeds from Long-term borrowings | 142.36 | 52.46 |
| | **Net Cash flow from Financing Activities** | **142.36** | **52.46** |
| | **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT ( A+B+C )** | **5.53** | **(0.92)** |
| | Cash and Cash Equivalent At the Beginning of the Period | 0.66 | 1.58 |
| | Cash and Cash Equivalent At the End of the Period | 6.19 | 0.66 |

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 : 10/05/2017

N. GAMADIA & CO. FRN : 116075W AHMEDABAD CHARTERED ACCOUNTANTS

ASTRAL BIOCHEM PRIVATE LIMITED AHMEDABAD

**For and on behalf of the Board**

**(Sandeep P. Engineer)**
Director
DIN : 00067112

**(Saumya S. Engineer)**
Director
DIN : 03105129

Place : Ahmedabad
Date : 10/05/2017

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. **COMPANY OVERVIEW:**

The Company is a private limited Company incorporated in India and is wholly owned subsidiary of Astral Poly Technik Limited, which is a listed Company.

2. **SIGNIFICANT ACCOUNTING POLICIES:**

**a) Statement of compliance**

The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015.

Up to the year ended 31st March, 2016 the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounts) Rules, 2014. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1st April, 2015. Refer note 3 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

**b) Basis of Preparation of Financial Statements**

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristic into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

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EM PRIVATE LIMITED AHMEDABAD

c) **Use of Estimates**

The presentation of the financial statements are in conformity with the Ind AS which requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may differ from these estimates.

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

d) **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 available information.

e) **Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

f) **Property, plant and equipment**

Land is carried at historical cost. All other items of property, plant and equipment are stated at acquisition cost of the items. Acquisition cost includes expenditure that is directly attributable to getting the asset ready for intended use. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance costs are charged to profit or loss during the reporting period in which they are incurred.

Capital work in progress is stated at cost. All the direct expenditure related to implementation including incidental expenditure incurred during the period of implementation of a project, till it is commissioned, is accounted as Capital work in progress (CWIP) and after commissioning the same is transferred / allocated to the respective item of property, plant and equipment.

Pre-operating costs, being indirect in nature, are expensed to the statement of profit and loss as and when incurred.

Property, plant and equipment are eliminated from financial statement on disposal. Losses arising in the case of retirement of property, plant and equipment are recognized in the statement of profit and loss in the year of occurrence.

**Depreciation**

Depreciation is calculated to allocate the cost of assets, net of their residual values, over their estimated useful lives.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Assets costing less than Rs. 5,000/- individually is fully depreciated in the year of acquisition.

Depreciation on items of property, plant and equipment acquired / disposed off during the year is provided on pro-rata basis with reference to the date of addition / disposal.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**Transition to Ind AS**

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as of April 1, 2015 (transition date) mentioned as per the previous GAAP and use that carrying value as its deemed cost as on the transition date.

**g) Impairment of tangible assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash generating unit for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in statement of profit and loss.

**h) Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

**Company as a lessee**

Assets held under finance leases are initially recognized as an asset of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as the finance lease obligation.

Lease payments are apportioned between the finance expenses and reduction of the lease obligation so has to achieve the constant rate of return on the remaining balance of the liability. Finance expenses are recognized immediately in statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs.

Rental expense from operating lease is generally recognized on a straight line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessors expected inflationary cost increase, such increases are recognized in the year in which such benefits accrue.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefit from the lease asset are consumed.

**i) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily takes a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in statement of profit and loss in the period in which they are incurred.

**j) Earnings per share**

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

**k) Taxes on Income**

Income tax expense represents the sum of the Current tax payable and deferred tax.

**Current Tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'Profit Before Tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

**Deferred tax**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

**Current and deferred tax for the year**

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current and deferred tax are also recognized in other comprehensive income.

**l) Provisions, Contingent Liabilities, Contingent Assets and Commitments**

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risk and uncertainties surrounding the obligations. When a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present obligations of those cash flows (when the effect of the time value of money is material).

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

**m) Financial Instruments**

Financial assets and financial liabilities are recognized when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

**1) Financial assets**

**Initial recognition and measurement**

All financial assets not recorded at fair value through profit or loss, are recognized initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.
Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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At initial recognition, financial assets are classified:

1. As financial assets measured at fair value, or
2. As financial assets measured at amortized cost.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

**I. Debt instruments at amortized cost**

Debt instrument that meet the following conditions are subsequently measured at amortized cost (except for debt instrument that are designated at fair value through profit or loss on initial recognition)

1. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
2. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Such debt instruments are subsequently measured at amortized cost using the effective interest rate (EIR) method. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

**II. Debt instruments at Fair Value Through Other Comprehensive Income (FVTOCI)**

Debt instrument that meet the following conditions are subsequently measured at Fair Value Through Other Comprehensive Income (except for debt instrument that are designated at fair value through profit or loss on initial recognition)

1. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
2. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the Other Comprehensive Income (OCI).

**III. Financial assets at Fair Value Through Profit or Loss (FVTPL)**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

**IV. Equity instruments measured at Fair Value Through Other Comprehensive Income (FVTOCI)**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at Fair Value Through Profit or Loss (FVTPL). For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

1. The rights to receive cash flows from the asset have expired, or
2. The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
    a) the Company has transferred substantially all the risks and rewards of the asset, or
    b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

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**Impairment of financial assets**

The company assesses impairment based on expected credit loss (ECL) model to the following:

1. Financial assets measured at amortized cost;
2. Financial assets measured at fair value through other comprehensive income (FVTOCI);

Expected credit losses are measured through a loss allowance at an amount equal to:

1. The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
2. Full time expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

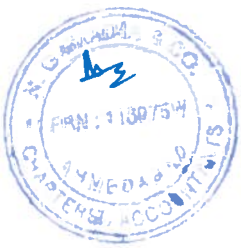
ECL impairment loss allowance (or reversal) recognized during the period is recognized as expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L.

**2) Financial liabilities**

**Initial recognition and measurement**

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.



**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

1. Financial liabilities at fair value through profit or loss
2. Loans and borrowings
3. Financial guarantee contracts

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit and loss. The company has not designated any financial liability as at fair value through profit and loss.

**Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

**Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

## n) Operating Cycle

The Company presents assets and liabilities in the balance sheet based on current / non-current classification based on operating cycle.

An asset is treated as current when it is:

1. Expected to be realized or intended to be sold or consumed in normal operating cycle;
2. Held primarily for the purpose of trading;

3. Expected to be realized within twelve months after the reporting period, or
4. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

1. It is expected to be settled in normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is due to be settled within twelve months after the reporting period, or
4. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The company has identified twelve months as its operating cycle.

**o) First-time adoption – mandatory exception, optional exemptions**
**Overall Principle**

The Company has prepared the opening balance sheet as per Ind AS as of 1st April, 2015 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below;

**Derecognition of financial assets and financial liabilities**

The Company has applied the Derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1st April, 2015 (the transition date).

**Determining whether an arrangement contains a lease**

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement *contains a Lease* to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

ASTRAL BIO CHEM PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

**3. First-time Ind AS adoption reconciliation**

**3.1 Effect of Ind AS adoption on the Balance Sheet as at March 31, 2016 and April 1, 2015**

(Rs. In lacs)

| Particulars | Notes | As at March 31, 2016 (End of last period presented under previous GAAP) | | | As at April 1, 2015 (Date of transition) | | |
|---|---|---|---|---|---|---|---|
| | | Previous GAAP | Effect of transition to Ind AS | As per Ind AS balance sheet | Previous GAAP | Effect of transition to Ind AS | As per Ind AS balance sheet |
| **ASSETS** | | | | | | | |
| **Non-current assets** | | | | | | | |
| a Property, plant and equipment | | 441.71 | - | 441.71 | 439.00 | - | 439.00 |
| b Capital work-in-progress | a | 92.26 | (86.01) | 6.25 | 84.76 | (78.51) | 6.25 |
| i. Other financial assets | | 0.50 | - | 0.50 | 0.50 | - | 0.50 |
| **Total non-current assets** | | **534.47** | **(86.01)** | **448.46** | **524.26** | **(78.51)** | **445.75** |
| **Current assets** | | | | | | | |
| a Financial assets | | | | | | | |
| i. Cash and cash equivalents | | 0.66 | - | 0.66 | 1.58 | - | 1.58 |
| | | **0.66** | - | **0.66** | **1.58** | - | **1.58** |
| **Total current assets** | | **0.66** | - | **0.66** | **1.58** | - | **1.58** |
| **Total assets** | | **535.13** | **(86.01)** | **449.12** | **525.84** | **(78.51)** | **447.33** |
| **EQUITY AND LIABILITIES** | | | | | | | |
| a Equity share capital | | 5.00 | - | 5.00 | 5.00 | - | 5.00 |
| b Other equity | b | - | (38.09) | (38.09) | - | 12.81 | 12.81 |
| **Total equity** | | **5.00** | **(38.09)** | **(33.09)** | **5.00** | **12.81** | **17.81** |
| **Liabilities** | | | | | | | |
| **Non-current liabilities** | | | | | | | |
| a Financial liabilities | | | | | | | |
| i Borrowings | c | 529.79 | (47.92) | 481.87 | 520.73 | (91.32) | 429.41 |
| **Total non-current liabilities** | | **529.79** | **(47.92)** | **481.87** | **520.73** | **(91.32)** | **429.41** |
| **Current liabilities** | | | | | | | |
| a Financial liabilities | | | | | | | |
| i Trade payables | | 0.17 | - | 0.17 | 0.11 | - | 0.11 |
| b Other current liabilities | | 0.17 | - | 0.17 | - | - | - |
| **Total current liabilities** | | **0.34** | - | **0.34** | **0.11** | - | **0.11** |
| **Total liabilities** | | **530.13** | **(47.92)** | **482.21** | **520.84** | **(91.32)** | **429.52** |
| **Total equity and liabilities** | | **535.13** | **(86.01)** | **449.12** | **525.84** | **(78.51)** | **447.33** |

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### 3.2 Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended March 31, 2016

(Rs. In lacs)

| Particulars | Notes | 2015-16 | | |
|---|---|---|---|---|
| | | Previous GAAP | Effect of transition to Ind AS | As per Ind AS balance sheet |
| **Income** | | - | - | - |
| **Total Income** | | - | - | - |
| **Expenses** | | | | |
| Finance cost | c | - | 43.39 | 43.39 |
| Other Expenses | d | - | 7.51 | 7.51 |
| **Total Expenses** | | **-** | **50.90** | **50.90** |
| **Profit/(Loss) Before Tax** | | - | (50.90) | (50.90) |
| Tax Expense | | - | - | - |
| **Profit/(Loss) After Tax** | | - | (50.90) | (50.90) |

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**Notes on Reconciliation**

a) As per Ind AS, certain items are not eligible to classify at intangible assets. Hence, amount of Rs. 78.51 lacs and Rs. 86.01 lacs carrying as on April 1, 2015 and March 31, 2016 respectively has been decapitalized.

b) The explanations for movement in other equity are as follows;

(Rs. in lacs)

| Particulars | As at April 1, 2015 | As at March 31, 2016 | Reasons |
|---|---|---|---|
| **Increase in Reserve** | | | |
| Loan converted into Capital Reserve | 91.32 | 91.32 | Interest free loan was fair valued and interest free component has been treated as Capital Reserve |
| **Decrease in Reserve** | | | |
| Decapitalization of Intangible Assets | 78.51 | 86.01 | Certain items not eligible for capitalization has been decapitalized |
| Finance Cost | - | 43.40 | Interest expense recognized on interest free component of loan |
| **Increase / (Decrease)** | **12.81** | **(38.09)** | |

c) As per Ind AS, interest free component received by subsidiary company from holding company is considered as an additional capital support in the books of subsidiary Company, hence borrowings has reduced by Rs. 91.32 lacs as on the date of transition to Ind AS. Subsequently, during FY 15-16, interest expense is recognized on fair value basis amounting to Rs. 43.39 lacs with corresponding increase in borrowings.

d) As per Ind AS, certain items are not eligible to classify at intangible assets. Hence, amount of Rs. 7.51 lacs incurred during FY 15-16 which was earlier classified as Capital Work In Progress has been expensed out in the Statement of Profit & Loss.

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**4 PROPERTY ,PLANT & EQUIPMENT**

(Rs. In Lacs)

| Assets | Gross Carrying Value | | | | Accumulated Depreciation | | | Net Carrying Value | |
|---|---|---|---|---|---|---|---|---|---|
| | As At April 1, 2016 | Additions | Deductions/ Adjustments | As At March 31, 2017 | As At April 1, 2016 | For the Period | As At March 31, 2017 | As At March 31, 2017 | As At March 31, 2016 |
| Leasehold Land | 426.58 | - | - | 426.58 | - | - | - | 426.58 | 426.58 |
| | *426.58* | - | - | *426.58* | - | - | - | *426.58* | *426.58* |
| Land Development | 15.13 | - | - | 15.13 | - | - | - | 15.13 | 15.13 |
| | *12.42* | *2.71* | - | *15.13* | - | - | - | *15.13* | *12.42* |
| **Total (A)** | **441.71** | - | - | **441.71** | - | - | - | **441.71** | **441.71** |
| | ***439.00*** | ***2.71*** | - | ***441.71*** | - | - | - | ***441.71*** | ***439.00*** |
| Capital Work-In-Progress (B) | - | - | - | - | - | - | - | 147.50 | 6.25 |
| | - | - | - | - | - | - | - | *6.25* | *6.25* |
| **Total (A+B)** | **441.71** | - | - | **441.71** | - | - | - | **589.21** | **447.96** |
| | ***439.00*** | ***2.71*** | - | ***441.71*** | - | - | - | ***447.96*** | ***445.25*** |
| **As at April 1,2015** | - | - | - | 439.00 | - | - | - | 445.25 | - |

Note: Figures in italics represents previous year figures.

ASTRAL BIOCHEM PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

**5 OTHER FINANCIAL ASSETS** (Rs. In Lacs)

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Non Current** | | | |
| **Secured and Considered Good** | | | |
| Security Deposits | 2.52 | 0.50 | 0.50 |
| Other Deposits | 0.20 | - | - |
| **Total** | **2.72** | **0.50** | **0.50** |
| **Current** | | | |
| Balance with Government Authorities | 0.25 | - | - |
| **Total** | **0.25** | - | - |

**6 DEFERRED TAX ASSETS (NET)** (Rs. In Lacs)

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Deferred Tax Assets** | | | |
| Brought Forward Loss | 6.92 | - | - |
| **Total** | **6.92** | - | - |

**7 CASH AND CASH EQUIVALENTS** (Rs. In Lacs)

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Cash on hand | 0.19 | 0.08 | 0.02 |
| Balances with banks | 6.00 | 0.58 | 1.56 |
| **Total** | **6.19** | **0.66** | **1.58** |

**8 EQUITY SHARE CAPITAL** (Rs. In Lacs)

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Authorised Share Capital** | | | |
| Equity Share Capital | | | |
| 50,000 Equity Shares (P.Y. 50,000 Equity Shares) of Rs.10/- | 5.00 | 5.00 | 5.00 |
| **Issued, Subscribed & Fully Paid Share Capital** | | | |
| Equity Share Capital | | | |
| 50,000 Equity Shares (P.Y. 50,000 Equity Shares) of Rs.10/- each fully paid up | 5.00 | 5.00 | 5.00 |
| **Total** | **5.00** | **5.00** | **5.00** |

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) Reconciliation of number of shares outstanding :

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at 1st April, 2015 |
|---|---|---|---|
| As at beginning of the year/period | 50,000 | 50,000 | 50,000 |
| Add: Issued During the year/period | - | - | - |
| **As at end of the year/period** | **50,000** | **50,000** | **50,000** |

c) The details of shareholder holding more than 5% shares as at March 31, 2017 , as at March 31, 2016 and as at April 1, 2015 is set out below.

| Name of Shareholders | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Astral Poly Technik Limited - No. of Shares | 50,000 | 50,000 | 50,000 |
| - % of Shares Held | 100% | 100% | 100% |

9 **BORROWINGS**

(Rs. In Lacs)

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Non Current** | | | |
| **Unsecured** | | | |
| Loans and Advances from Related Parties * (Refer Note No. 17) | | | |
| Astral Poly Technik Limited - The Holding Company | 166.48 | 481.87 | 429.41 |
| **Total** | **166.48** | **481.87** | **429.41** |
| **Current** | | | |
| **Unsecured** | | | |
| Loans and Advances from Related Parties ** (Refer Note No. 17) | | | |
| Astral Poly Technik Limited - The Holding Company | 505.68 | - | - |
| **Total** | **505.68** | - | - |

* The loan is repayable on 1st July,2020.

** The loan is repayable on demand.

10 **TRADE PAYABLES**

(Rs. In Lacs)

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Other than Acceptances * | | | |
| Trade Payables for Service Received | 2.21 | 0.17 | 0.11 |
| **Total** | **2.21** | **0.17** | **0.11** |

* There are no dues to Micro and Small Enterprises as on March 31, 2017 (NIL as on March 31, 2016 and April 1,2015 ). This information as required to be disclosed under the Micro, Smal 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. This has been relied upon by the Auditor.

N. GANDHI & CO. FRN : 118075W AHMEDABAD CHARTERED ACCOUNTANTS

HEM PRIVATE LIMITED AHMEDABAD

**11 OTHER FINANCIAL LIABILITIES**

(Rs. In Lacs)

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Current** | | | |
| Payable for capital goods | 26.41 | - | - |
| **Total** | **26.41** | **-** | **-** |

**12 OTHER CURRENT LIABILITIES**

(Rs. In Lacs)

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Other Liabilities** | | | |
| Statutory remittances | 1.01 | 0.17 | - |
| **Total** | **1.01** | **0.17** | **-** |

N. GANDHI & CO.
FRN : 118075W
AHMEDABAD
CHARTERED ACCOUNTANTS

ASTRON CHEM PRIVATE LIMITED
AHMEDABAD

**13 FINANCE COST** (Rs. In Lacs)

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| Bank Charges | 0.02 | - |
| Interest Expenses* (Refer Note No. 17) | 5.18 | 43.39 |
| Total | **5.20** | **43.39** |

* Interest Expense of Rs. 4.48 lacs (P.Y. Rs. 43.39 lacs) pertains to the Related Party - Astral Poly Technik Limited

**14 OTHER EXPENSES** (Rs. In Lacs)

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| Power Expense | 0.41 | - |
| Rent Expenses* (Refer Note No. 17) | 13.02 | 5.51 |
| Payment to Auditors** | 0.32 | 0.23 |
| Professional Fees | - | - |
| Legal Expenses | 0.06 | 0.09 |
| Security Service Charges | 2.63 | - |
| Brokerage Expense | 0.75 | - |
| Other Expenses | 0.01 | 1.68 |
| Total | **17.20** | **7.51** |

* Rent Expense of Rs. 0.96 Lacs (P.Y. Rs. 0.88 Lacs) pertains to the Related Party - Astral Poly Technik Limited

**** Payment to Auditors:** (Rs. In Lacs)

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| For Statutory Audit | 0.11 | 0.11 |
| For Other Services | 0.21 | 0.12 |
| | **0.32** | **0.23** |

N. GAMADIA & CO. FRN : 118075W AHMEDABAD CHARTERED ACCOUNTANTS

...CHEM PRIVATE LIMITED AHMEDABAD

ASTRAL BIO CHEM PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

## 15. Financial Instruments

**Accounting classification and fair values**

(Rs. In Lacs)

| As at March 31, 2017 | Carrying amount | | | |
|---|---|---|---|---|
| | FVTPL | FVTOCI | Amotised Cost | Total |
| **Financial assets** | | | | |
| Cash and cash equivalents | - | - | 6.19 | 6.19 |
| Other Financial Assets | - | - | 2.97 | 2.97 |
| | - | - | **9.16** | **9.16** |
| **Financial liabilities** | | | | |
| Non current borrowings | - | - | 166.48 | 166.48 |
| Current borrowings | - | - | 505.68 | 505.68 |
| Trade payables | - | - | 2.21 | 2.21 |
| Other financial liabilities | - | - | 26.41 | 26.41 |
| | - | - | **700.78** | **700.78** |

(Rs. In Lacs)

| As at March 31, 2016 | Carrying amount | | | |
|---|---|---|---|---|
| | FVTPL | FVTOCI | Amotised Cost | Total |
| **Financial assets** | | | | |
| Cash and cash equivalents | - | - | 0.66 | 0.66 |
| Other Financial Assets | - | - | 0.50 | 0.50 |
| | - | - | **1.16** | **1.16** |
| **Financial liabilities** | | | | |
| Non current borrowings | - | - | 481.87 | 481.87 |
| Trade payables | - | - | 0.17 | 0.17 |
| | - | - | **482.04** | **482.04** |

(Rs. In Lacs)

| As at 1st April, 2015 | Carrying amount | | | |
|---|---|---|---|---|
| | FVTPL | FVTOCI | Amotised Cost | Total |
| **Financial assets** | | | | |
| Cash and cash equivalents | - | - | 1.58 | 1.58 |
| Other Financial Assets | - | - | 0.50 | 0.50 |
| | - | - | **2.08** | **2.08** |
| **Financial liabilities** | | | | |
| Non current borrowings | - | - | 429.41 | 429.41 |
| Trade payables | - | - | 0.11 | 0.11 |
| | - | - | **429.52** | **429.52** |

## 16. EARNINGS PER SHARE:

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| Profit/(Loss) for the period attributable to the owners of the Compay (Rs. In Lacs) | (15.48) | (50.90) |
| Weighted average number of equity shares outstanding | 50,000 | 50,000 |
| Basic & Diluted Earnings Per Share (In Rs.) (Face Value of Rs. 10/- each ) | (30.96) | (101.80) |

## 17. RELATED PARTY TRANSACTIONS:-

1. Name of Parties and relationships

| Sr. No. | Description of Relationship | Names of Related Parties |
|---|---|---|
| a. | Holding Company/Parent Company | Astral Poly Technik Limited |
| b. | Entities with joint control /Fellow Subsidiaries | Resinova Chemie Limited (Formerly known as Advanced Adhesives Limied)<br>Seal It Services Ltd - UK<br>Seat It Services Ltd - USA |
| c. | Subsidiaries | Nil |
| d. | Key Management Personnel of Company or its Parent | Mr. Sandeep P. Engineer<br>Mr. Kairav S. Engineer<br>Mr. Saumya S. Engineer |
| e. | Relatives of Key Management Personnel | Mrs. Jagruti S. Engineer<br>Mrs. Hansa Engineer |

2. Details of related party transactions during the year:

(Rs. In Lacs)

| | Particulars | 2016-17 | 2015-16 |
|---|---|---|---|
| 1. | **Unsecured Loan Taken** | | |
| | Astral Poly Technik Limited | 136.92 | 9.58 |
| 2. | **Interest on Loan Taken** | | |
| | Astral Poly Technik Limited | 4.48 | 1.48* |
| 3. | **Unsecured Loan Paid** | | |
| | Astral Poly Technik Limited | - | 2.00 |
| 4. | **Rent Paid** | | |
| | Astral Poly Technik Limited | 0.96 | 0.88 |

3. Details of related party transactions outstanding balances:

(Rs. In Lacs)

| | Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|---|
| 1. | Unsecured Loans | | | |
| | Astral Poly Technik Limited | 672.15 | 529.79* | 520.73* |

*In financials, the same amount has been carried at Fair Value.

18. Disclosure of specified bank notes (SBN) during the period from November 8, 2016 to December 30, 2016 as per MCA notification dated 30th March, 2017:

(Amount in Rs.)

| Particulars | SBNs | Other Denomination Notes | Total |
|---|---|---|---|
| Closing cash in hand as on November 8,2016 | 9,500.00 | 214.00 | 9,714.00 |
| (+) Permitted receipts | -- | 20,000.00 | 20,000.00 |
| (-) Permitted payments | -- | 500.00 | 500.00 |
| (-) Amount deposited in Banks | 9,500.00 | -- | 9,500.00 |
| Closing cash in hand as on December 30, 2016 | -- | 19,714.00 | 19,714.00 |

19. 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: 10/05/2017

**For, Astral Biochem Private Limited**

**(Sandeep P. Engineer)**
Director
DIN: 00067112

**(Saumya S. Engineer)**
Director
DIN: 03105129

Place: Ahmedabad
Date:10/05/2017

# RESINOVA CHEMIE LIMITED

# Financial Statements

# For FY 2016 -17

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

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying Ind AS financial statements of Resinova Chemie Limited (Formerly known as Advanced Adhesives Limited) ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs(financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act. 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,

GAMADIA & CO. FRN: 116075W AHMEDABAD CHARTERED ACCOUNTANTS relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

We have taken into account the provisions of the Act, the accounting and auditing standards and 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 of the Ind AS financial statements 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 about whether the Ind AS financial statements are free from material misstatement.

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

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

N. GAMADIA & CO. FRN: 116075W AHMEDABAD CHARTERED ACCOUNTANTS

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information 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 including the Ind AS, of the financial position of the Company as at 31st March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity 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 Section 143(11) of the Act, we give in **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the 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 purposes 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, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of accounts.
   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
   e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a Director in terms of Section 164(2) of the Act.

N. GAMADIA & CO. FRN: 116075W AHMEDABAD CHARTERED ACCOUNTANTS

f) With respect to the adequacy of the 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:

   I. The Company does not have any pending litigations which would impact its financial position.

   II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   III. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   IV. The Company has provided requisite disclosures in the Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016, are in accordance with books of account maintained by the Company. Refer Note No. 38 to Notes to Accounts of Ind AS financial statements.

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

N. GAMADIA & CO. FRN: 116075W AHMEDABAD CHARTERED ACCOUNTANTS

**CA. Nilesh Gupta**
**Partner**
**M. No. 100426**

**Date: 10.05.2017**
**Place: Ahmedabad**

## ANNEXURE – A TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to the Independent Auditors' Report to the members of the Company on Ind AS financial statements for the year ended 31 March 2017, we report that:

I. Having regard to the nature of the Company's business, clause (xii) of paragraph 3 of the Companies (Auditor's Report) Order, 2016 ("the Order") does not apply to the Company.

II. (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.

III. 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

N. GAMADIA & CO. FRN: 116075W AHMEDABAD CHARTERED ACCOUNTANTS

were not material and have been properly dealt with in the books of account.

IV. 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.

V. The Company has complied with provisions of Section 185 and 186 of Companies Act, 2013 in respect of loans, guarantees, investments and securities.

VI. 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.

VII. As per the information and explanations provided to us, the company has maintained Cost records as per Rule 3 of Companies (Cost Records and Audit) Rules, 2014.

VIII. (a) According to the records of the Company, the Company is regular in depositing 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 explanation 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 31st March, 2017 for a period of more than six months from the date they became payable.

(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:

N. GAMADIA & CO. FRN: 116075W AHMEDABAD CHARTERED ACCOUNTANTS

| 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 | |
| West Bengal Sales Tax Act | Entry Tax | 47.65 | F.Y. 2014-15 & F.Y. 2015-16 | High Court (West Bengal) | |
| Finance Act, 1994 | Service Tax | 4.15 | F.Y. 2015-16 | Asst. Commissioner, Central Excise, Kanpur | |
| Central Excise Act, 1944 | Excise Duty | 0.84 | F.Y. 2013-14 | Asst. Commissioner Central Excise, Kanpur | Rs. 0.17 Lacs paid as security deposit |
| Central Excise Act, 1944 | Excise Duty | 1.33 | F.Y. 2014-15 | Asst. Commissioner Central Excise, Kanpur | |
| Tamilnadu Sales Tax Act | Commercial Tax | 1.21 | F.Y. 2015-16 | Deputy Commissioner | Rs. 0.24 Lacs paid as security deposit |

IX. The Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, Government dues or debenture holders.

X. 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). In our opinion and according to the information and explanations given to us, the company has utilized the

N. GAMADIA & CO. FRN: 116075W AHMEDABAD CHARTERED ACCOUNTANTS

money raised by way of the term loan during the year for the purpose for which they were raised.

XI. 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.

XII. 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.

XIII. 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 Ind AS financial statements.

XIV. 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.

XV. According to information and explanation provided to us, the company has not entered into any non-cash transactions with directors.

XVI. 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**

N. GAMADIA & CO. FRN: 116075W AHMEDABAD CHARTERED ACCOUNTANTS

**CA Nilesh Gupta**
**Partner**
**M. No. 100426**

**Date: 10/05/2017**
**Place: Ahmedabad**

## ANNEXURE – B TO THE INDEPENDENT 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 31st March, 2017 in conjunction with our audit of the Ind AS 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

N. GAMADIA & CO. FRN: 116075W AHMEDABAD CHARTERED ACCOUNTANTS

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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

N. GAMADIA & CO. FRN: 116075W AHMEDABAD CHARTERED ACCOUNTANTS

### 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 31st March, 2017, 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**

N. GAMADIA & CO. FRN: 116075W AHMEDABAD CHARTERED ACCOUNTANTS

**CA Nilesh Gupta**
**Partner**
**M. No. 100426**

**Date: 10/05/2017**
**Place: Ahmedabad**

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

### BALANCE SHEET AS AT MARCH 31, 2017

(Rs in lacs)

| Particulars | NOTES | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| (a ) Property, plant and equipment | 4 | 7,478.85 | 4,399.72 | 3,315.31 |
| (b) Capital work-in-progress | | 626.84 | 682.57 | 283.72 |
| (c) Goodwill | 4 | 17,068.65 | 20,746.37 | 24,424.08 |
| (d) Other intangible assets | 4 | 2.22 | 3.67 | 5.29 |
| (e) Financial assets | | | | |
| (i) Loans | 5 | 13.42 | 19.81 | 15.32 |
| (ii) Other financial assets | 6 | 56.97 | 34.14 | 32.35 |
| (f) Deferred tax assets (Net) | 7 | - | 229.10 | - |
| (g) Other non-current assets | 8 | 624.48 | 173.85 | 93.97 |
| **Total non-current assets** | | **25,871.43** | **26,289.23** | **28,170.04** |
| **Current assets** | | | | |
| (a) Inventories | 9 | 6,290.90 | 5,120.33 | 4,416.89 |
| (b) Financial assets | | | | |
| (i) Trade receivables | 10 | 4,394.60 | 1,615.69 | 1,761.38 |
| (ii) Cash and cash equivalents | 11 | 174.49 | 250.41 | 518.82 |
| (iii) Loans | 5 | 15.07 | 34.68 | 48.37 |
| (iv) Other financial assets | 6 | 14.00 | 118.64 | 106.82 |
| (c) Current tax assets (Net) | 12 | 527.35 | 646.53 | 343.85 |
| (d) Other current assets | 8 | 338.79 | 463.63 | 290.76 |
| **Total current assets** | | **11,755.20** | **8,249.91** | **7,486.89** |
| **Total assets** | | **37,626.63** | **34,539.14** | **35,656.93** |
| **EQUITY AND LIABILITIES** | | | | |
| (a) Equity share capital | 13 | 29.39 | 29.39 | 29.39 |
| (b) Other equity | | 30,452.91 | 30,006.46 | 30,913.16 |
| **Total equity** | | **30,482.30** | **30,035.85** | **30,942.55** |
| **Liabilities** | | | | |
| **Non-current liabilities** | | | | |
| (a) Financial liabilities | | | | |
| (i) Borrowings | 14 | 451.25 | - | - |
| (b) Provisions | 15 | 67.89 | 66.54 | 89.24 |
| (c) Deferred tax liabilities (Net) | 16 | 152.78 | - | 40.47 |
| (d) Other non-current liabilities | 17 | - | 46.50 | 32.50 |
| **Total non-current liabilities** | | **671.92** | **113.04** | **162.21** |
| **Current liabilities** | | | | |
| (a) Financial liabilities | | | | |
| (i) Borrowings | 14 | 1,014.52 | - | 1,620.06 |
| (ii) Trade payables | 18 | 3,725.64 | 3,585.81 | 2,308.46 |
| (iii) Other financial liabilities | 19 | 270.71 | 98.92 | 76.47 |
| (b) Provisions | 15 | 80.50 | 69.25 | 7.86 |
| (c) Other current liabilities | 17 | 1,381.04 | 636.27 | 539.32 |
| **Total current liabilities** | | **6,472.41** | **4,390.25** | **4,552.17** |
| **Total liabilities** | | 7,144.33 | 4,503.29 | 4,714.38 |
| **Total equity and liabilities** | | **37,626.63** | **34,539.14** | **35,656.93** |
| See accompanying notes to the financial statements | 1 to 39 | | | |

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

N. GAMADIA & CO. FRN: 116075W AHMEDABAD CHARTERED ACCOUNTANTS

RESINOVA CHEMIE LIMITED AHMEDABAD

**For and on behalf of the Board of Directors**

(CA Nilesh Gupta )
Partner
Membership No.: 100426
F.R.NO : 116075W
Place : Ahmedabad
Date : May 10 , 2017

**(Sandeep P. Engineer)**
Managing Director
DIN : 00067112

**(Saumya S. Engineer)**
Director
DIN : 03105129

Place : Ahmedabad
Date : May 10 , 2017

**RESINOVA CHEMIE LIMITED (FORMERLY KNOWN AS ADVANCED ADHESIVES LIMITED)**
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017**

**(Rs in lacs)**

| Particulars | Notes | 2016-17 | 2015-16 |
|---|---|---|---|
| Revenue from operations | 20 | 37,658.52 | 30,431.25 |
| Other income | 21 | 138.20 | 31.22 |
| **Total Income** | | **37,796.72** | **30,462.47** |
| | | | |
| **Expenses** | | | |
| Cost of materials consumed | | 20,737.70 | 18,338.93 |
| Purchase of stock-in-trade | | 214.33 | 27.11 |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 22 | (846.75) | (110.64) |
| Employee benefits expense | 23 | 2,402.89 | 1,928.02 |
| Finance costs | 24 | 198.16 | 133.80 |
| Depreciation and amortization expense | | 4,035.60 | 3,921.38 |
| Excise duty on sale of goods | | 6,141.27 | 4,661.10 |
| Other expenses | 25 | 4,055.58 | 2,726.04 |
| **Total expenses** | | **36,938.78** | **31,625.74** |
| **Profit/(Loss) before tax** | | **857.94** | **(1,163.27)** |
| | | | |
| Tax expense | | | |
| a) Current tax | | 164.40 | - |
| b) Mat Credit Entitlement | | (164.40) | - |
| c) Deferred tax | | 381.89 | (269.57) |
| | | 381.89 | (269.57) |
| **Profit/(Loss) for the period** | | 476.05 | (893.70) |
| | | | |
| **Other comprehensive income** | | | |
| A i Items that will not be reclassified to profit or loss | | | |
| Remeasurements of the defined benefit plans | | (29.60) | (13.00) |
| **Total other comprehensive income** | | (29.60) | (13.00) |
| **Total comprehensive income for the period** | | **446.45** | **(906.70)** |
| | | | |
| Earnings per equity share | 28 | | |
| 1 Basic (in Rs.) | | 151.91 | (308.51) |
| 2 Diluted (in Rs.) | | 151.91 | (308.51) |
| See accompanying notes to the financial statements | 1 to 39 | | |

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

N. GAMADIA & CO. FRN : 116075W AHMEDABAD CHARTERED ACCOUNTANTS

(CA Nilesh Gupta )
Partner
Membership No.: 100426
F.R.NO : 116075W
Place : Ahmedabad
Date : May 10 , 2017

RESINOVA CHEMIE LIMITED AHMEDABAD

**For and on behalf of the Board of Directors**

**(Sandeep P. Engineer)**
Managing Director
DIN : 00067112

**(Saumya S. Engineer)**
Director
DIN : 03105129

Place : Ahmedabad
Date : May 10 , 2017

RESINOVA CHEMIE LIMITED ( FORMERLY KNOWN AS ADVANCED ADHESIVES LIMITED)

CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2017

(Rs. In Lacs)

| No. | Particulars | 2016-17 | 2015-16 |
|---|---|---|---|
| A. | **Cash flow from Operating Activities** | | |
| | **Profit before exceptional items and tax as per statement of profit and loss** | 857.94 | (1,163.27) |
| | **Adjustments for:** | | |
| | Remesurements of net defined benefit plans | (29.60) | (13.00) |
| | Depreciation | 4,035.60 | 3,921.38 |
| | Bad Debts written off | 27.38 | 1.30 |
| | Finance Costs | 198.16 | 133.80 |
| | Provision for doubtful debts | 4.70 | 11.00 |
| | Sundry Balances Written off/(Written Back) | 13.85 | (6.10) |
| | (Profit)/Loss on Sale of Fixed Assets | 12.46 | (2.48) |
| | Gain On sale of Current Investment | - | (2.41) |
| | Interest received | (1.13) | (1.07) |
| | **Operating profit before Working Capital Changes** | **5,119.36** | **2,879.15** |
| | **Adjustments for:** | | |
| | Increase /(Decrease) in Trade & Other Payables | 1,152.69 | 1,571.73 |
| | (Increase)/Decrease in Inventories | (1,170.57) | (703.45) |
| | (Increase)/Decrease in Long/Short term loans, advances and Current Assets | (311.70) | (413.66) |
| | (Increase)/Decrease in Trade Receivables | (2,811.00) | 133.40 |
| | **Cash generated from operations** | **1,978.78** | **3,467.17** |
| | Direct Taxes Paid | (45.00) | (225.00) |
| | **Net Cash from Operating Activities ( A )** | **1,933.78** | **3,242.17** |
| B. | **Cash flow from Investing Activities** | | |
| | Sale of Fixed Assets | 1.63 | 31.57 |
| | Purchase of Fixed Assets | (3,279.46) | (1,743.84) |
| | Gain On sale of Current Investment | - | 2.41 |
| | Interest received | 1.22 | 0.02 |
| | **Net Cash used in Investing Activities ( B )** | **(3,276.61)** | **(1,709.84)** |
| C. | **Cash Flow from Financing Activities** | | |
| | Repayment of Short term Borrowings | - | (1,620.06) |
| | Proceeds From Long/short Term Borrowing | 1,465.78 | - |
| | Finance Costs | (198.87) | (180.68) |
| | **Net Cash flow from Financing Activities ( C )** | **1,266.91** | **(1,800.74)** |
| | **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)** | **(75.92)** | **(268.41)** |
| | Cash and Cash Equivalent At the Beginning of the Period | 250.41 | 518.82 |
| | Cash and Cash Equivalent At the End of the Period | 174.49 | 250.41 |

As per our report of even date

**For, N. Gamadia & Co.**
Chartered Accountants

N. GAMADIA & CO. FRN: 116075W AHMEDABAD CHARTERED ACCOUNTANTS

RESINOVA CHEMIE LIMITED AHMEDABAD

**(CA Nilesh Gupta )**
Partner
Membership No.: 100426
F.R.NO : 116075W
Place : Ahmedabad
Date : May 10 , 2017

**For and on behalf of the Board of Directors**

**(Sandeep P. Engineer)**
Managing Director
DIN : 00067112

**(Saumya S. Engineer)**
Director
DIN : 03105129

Place : Ahmedabad
Date : May 10 , 2017

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

### A Equity share capital

(Rs in lacs)

| Particulars | Amount |
|---|---|
| **Balance at April 1, 2015** | 29.39 |
| Changes in equity share capital during the year | - |
| **Balance at March 31, 2016** | **29.39** |
| Changes in equity share capital during the year | - |
| **Balance at March 31, 2017** | **29.39** |

### B Other equity

(Rs in lacs)

| Particulars | Reserves and surplus | | Total |
|---|---|---|---|
| | Securities premium reserve | Retained earnings | |
| **Balance at April 1, 2015** | 30,477.12 | 436.04 | **30,913.16** |
| Profit for the year | - | (893.70) | **(893.70)** |
| Other comprehensive income for the year, net of income tax | - | (13.00) | **(13.00)** |
| **Total comprehensive income for the year** | - | **(906.70)** | **(906.70)** |
| **Balance at March 31, 2016** | **30,477.12** | **(470.66)** | **30,006.46** |
| Profit for the year | - | 476.05 | **476.05** |
| Other comprehensive income for the year, net of income tax | - | (29.60) | **(29.60)** |
| **Total comprehensive income for the year** | - | **446.45** | **446.45** |
| **Balance at March 31, 2017** | **30,477.12** | **(24.21)** | **30,452.91** |

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 : May 10 , 2017

N. GAMADIA & CO. FRN: 116075W AHMEDABAD CHARTERED ACCOUNTANTS

RESINOVA CHEMIE LIMITED AHMEDABAD

**For and on behalf of the Board of Directors**

**(Sandeep P. Engineer)**
Managing Director
DIN : 00067112

**(Saumya S. Engineer)**
Director
DIN : 03105129

Place : Ahmedabad
Date : May 10 , 2017

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 1. COMPANY OVERVIEW:-

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 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 was sanctioned by the Hon'ble Gujarat High Court, Ahmedabad; vide its order dated 18th January, 2016 with appointed date as 21st 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 11th February, 2016. The Scheme of Amalgamation becomes effective on 11th February, 2016 with an appointed date of 21st November, 2014.

### 2. SIGNIFICANT ACCOUNTING POLICIES:-

#### a) Statement of compliance

The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015.

Up to the year ended 31st March, 2016 the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounts) Rules, 2014. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1st April, 2015. Refer note 3 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

#### b) Basis of Preparation of Financial Statements

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristic into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transaction that are within the scope of Ind AS 102, Leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair valued such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

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RESINOVA CHEMIE LIMITED AHMEDABAD

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

1) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or Liabilities.
2) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
3) Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**c) Use of Estimates**

The presentation of the financial statements are in conformity with the Ind AS which requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may differ from these estimates.

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

**d) Inventories**

Inventories are stated 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. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

**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 available information.

**f) Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**g) Revenue Recognition**

**Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, related discounts & incentives and volume rebates. It includes excise duty and excludes value added tax/ sales tax.

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CHEMIE LIMITED AHMEDABAD

**Interest Income**

Interest income from a financial asset is recognized when it is probable that the economic benefit will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**h) Property, plant and equipment**

Land is carried at historical cost. All other items of property, plant and equipment are stated at acquisition cost of the items. Acquisition cost includes expenditure that is directly attributable to getting the asset ready for intended use. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Capital work in progress is stated at cost. All the direct expenditure related to implementation including incidental expenditure incurred during the period of implementation of a project, till it is commissioned, is accounted as Capital work in progress (CWIP) and after commissioning the same is transferred / allocated to the respective item of property, plant and equipment.

Pre-operating costs, being indirect in nature, are expensed to the statement of profit and loss as and when incurred.

Property, plant and equipment are eliminated from financial statement on disposal. Losses arising in the case of retirement of property, plant and equipment are recognized in the statement of profit and loss in the year of occurrence.

**Depreciation**

Depreciation is calculated to allocate the cost of assets, net of their residual values, over their estimated useful lives.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Assets costing less than Rs. 5,000/- individually is fully depreciated in the year of acquisition.

Depreciation on items of property, plant and equipment acquired / disposed off during the year is provided on pro-rata basis with reference to the date of addition / disposal.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**Transition to Ind AS**

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as of April 1, 2015 (transition date) mentioned as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.+

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CHEMIE LIMITED AHMEDABAD

**i) Intangible assets**

**Intangible assets acquired separately**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

**Derecognition of intangible assets**

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in the Statement of profit or loss when the asset is derecognized.

**Useful lives of intangible assets**

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, which is amortized over 7 years since in the opinion of the management the benefits will be available for that period.

**Transition to Ind AS**

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognized as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**j) Impairment of tangible and intangible assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash generating unit for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

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CHEMIE LIMITED AHMEDABAD

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

**k) Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

**Company as a lessee**

Assets held under finance leases are initially recognized as an asset of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as the finance lease obligation.

Lease payments are apportioned between the finance expenses and reduction of the lease obligation so as to achieve the constant rate of return on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs.

Rental expense from operating lease is generally recognized on a straight line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessors expected inflationary cost increase, such increases are recognized in the year in which such benefits accrue.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefit from the lease asset are consumed.

**l) Foreign Currency Transactions**

In preparing the financial statements of the Company, the transactions in currencies other than the entity's functional currency (INR) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rate prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on monetary items are recognized in profit or loss in the period in which they arise, except for:

1. Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are include in the cost of those assets when they are regarded as an adjustment to the interest cost on those foreign currency borrowings.
2. Exchange differences on transactions entered into in order to hedge certain foreign currency risks.
3. Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither plan or likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income (OCI) and reclassified from equity to profit or loss on repayment of the monetary items.

N. GAMADIA & CO. FRN: 116075W AHMEDABAD CHARTERED ACCOUNTANTS

CHEMIE LIMITED AHMEDABAD

## m) 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 employees 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 loss in respect of post-employment and other long term benefits are charged to the statement of other comprehensive income.

Past service costs are recognized in profit or loss on the earlier of:

1) The date of the plan amendment or curtailment, and
2) The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

1) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
2) Net interest expense or income

The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets. Any asset 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 recognized 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 recognized as a liability at the present value of the defined benefit obligation as at the balance sheet date.

**Share based payment:**
Equity settled share based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimates, with a corresponding adjustment to the equity settled employee benefits reserve.

N. GAMADIA & CO. FRN: 116075W AHMEDABAD CHARTERED ACCOUNTANTS

CHEMIE LIMITED

## n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily takes a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

## o) Earnings per share

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

## p) Taxes on Income

Income tax expense represents the sum of the tax currently payable and deferred tax.

**Current Tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'Profit Before Tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

**Deferred tax**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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CHEMIE ... LIMITED AHMEDABAD

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

**Current and deferred tax for the year**
Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current and deferred tax are also recognized in other comprehensive income.

**q) Provisions, Contingent Liabilities, Contingent Assets and Commitments**

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risk and uncertainties surrounding the obligations. When a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present obligations of those cash flows (when the effect of the time value of money is material).

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

**r) Financial Instruments**

Financial assets and financial liabilities are recognized when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

**1) Financial assets**

**Initial recognition and measurement**
All financial assets not recorded at fair value through profit or loss, are recognized initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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At initial recognition, financial assets are classified:

1. As financial assets measured at fair value, or
2. As financial assets measured at amortized cost.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

**I. Debt instruments at amortized cost**

Debt instrument that meet the following conditions are subsequently measured at amortized cost (except for debt instrument that are designated at fair value through profit or loss on initial recognition)

1. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
2. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Such debt instruments are subsequently measured at amortized cost using the effective interest rate (EIR) method. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

**II. Debt instruments at Fair Value Through Other Comprehensive Income (FVTOCI)**

Debt instrument that meet the following conditions are subsequently measured at Fair Value Through Other Comprehensive Income (except for debt instrument that are designated at fair value through profit or loss on initial recognition)

1. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
2. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the Other Comprehensive Income (OCI).

**III. Financial assets at Fair Value Through Profit or Loss (FVTPL)**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

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IV. **Equity instruments measured at Fair Value Through Other Comprehensive Income (FVTOCI)**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at Fair Value Through Profit or Loss (FVTPL). For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

1. The rights to receive cash flows from the asset have expired, or
2. The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
    a) the Company has transferred substantially all the risks and rewards of the asset, or
    b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**Impairment of financial assets**

The company assesses impairment based on expected credit loss (ECL) model to the following:

1. Financial assets measured at amortized cost;
2. Financial assets measured at fair value through other comprehensive income (FVTOCI);

Expected credit losses are measured through a loss allowance at an amount equal to:

1. The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
2. Full time expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

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For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L.

**2) Financial liabilities**

**Initial recognition and measurement**

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

1. Financial liabilities at fair value through profit or loss
2. Loans and borrowings
3. Financial guarantee contracts

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities

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designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit and loss. The company has not designated any financial liability as at fair value through profit and loss.

**Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

**Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

**s) Derivative financial instruments**

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

**t) Operating Cycle**

The Company presents assets and liabilities in the balance sheet based on current / non-current classification based on operating cycle.

An asset is treated as current when it is:

1. Expected to be realized or intended to be sold or consumed in normal operating cycle;
2. Held primarily for the purpose of trading;
3. Expected to be realized within twelve months after the reporting period, or
4. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

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A liability is current when:

1. It is expected to be settled in normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is due to be settled within twelve months after the reporting period, or
4. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The company has identified twelve months as its operating cycle.

**u) First-time adoption – mandatory exception, optional exemptions**

**Overall Principle**

The Company has prepared the opening balance sheet as per Ind AS as of 1st April, 2015 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below;

**Derecognition of financial assets and financial liabilities**

The Company has applied the Derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1st April, 2015 (the transition date).

**Impairment of financial assets**

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

**Deemed cost for property, plant and equipment and intangible assets**

The Company has elected to continue with the carrying value of all of its plant and equipment and intangible assets recognized as of 1st April, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**Determining whether an arrangement contains a lease**

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains *a Lease* to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

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**v) Business Combination**

The Company has opted to claim exemption under Ind AS 101 “First Time Adoption of Indian Accounting Standards” and decided not to apply Ind AS 103 “Business Combination” retrospectively for past Business Combinations. Further based on the legal opinion obtained the Company for applicability of Scheme of amalgamation post application of Ind As, the existing practice to amortize goodwill over the useful life has been continued instead to test for impairment as required by Ind AS 101.

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**3. First-time Ind AS adoption reconciliation**

**3.1 Effect of Ind AS adoption on the Balance Sheet as at March 31, 2016 and April 1, 2015**

(Rs in lacs)

| Particulars | Notes | As at March 31, 2016 (End of last period presented under previous GAAP) | | | As at April 1, 2015 (Date of transition) | | |
|---|---|---|---|---|---|---|---|
| | | Previous GAAP | Effect of transition to Ind AS | As per Ind AS balance sheet | Previous GAAP | Effect of transition to Ind AS | As per Ind AS balance sheet |
| **ASSETS** | | | | | | | |
| **Non-current assets** | | | | | | | |
| (a) Property, plant and equipment | | 4,399.72 | - | 4,399.72 | 3,315.31 | - | 3,315.31 |
| (b) Capital work-in-progress | | 682.57 | - | 682.57 | 283.72 | - | 283.72 |
| (c) Goodwill | | 20,746.37 | - | 20,746.37 | 24,424.08 | - | 24,424.08 |
| (d) Other intangible assets | | 3.67 | - | 3.67 | 5.29 | - | 5.29 |
| (e) Financial assets | | | | | | | |
| (i) Loans | | 19.81 | - | 19.81 | 15.32 | - | 15.32 |
| (ii) Other financial assets | | 34.14 | - | 34.14 | 32.35 | - | 32.35 |
| (f) Deferred tax assets (Net) | | 229.10 | - | 229.10 | - | - | - |
| (g) Other non-current assets | | 173.85 | - | 173.85 | 93.97 | - | 93.97 |
| **Total non-current assets** | | **26,289.23** | **-** | **26,289.23** | **28,170.04** | **-** | **28,170.04** |
| **Current assets** | | | | | | | |
| (a) Inventories | | 5,120.33 | - | 5,120.33 | 4,416.89 | - | 4,416.89 |
| (b) Financial assets | | | | | | | |
| (i) Trade receivables | | 1,615.69 | - | 1,615.69 | 1,761.38 | - | 1,761.38 |
| (ii) Cash and cash equivalents | | 250.41 | - | 250.41 | 518.82 | - | 518.82 |
| (iii) Loans | | 34.68 | - | 34.68 | 48.37 | - | 48.37 |
| (iv) Other financial assets | | 118.64 | - | 118.64 | 106.82 | - | 106.82 |
| (c) Current tax assets (Net) | | 646.53 | - | 646.53 | 343.85 | - | 343.85 |
| (d) Other current assets | | 463.63 | - | 463.63 | 290.76 | - | 290.76 |
| | | **8,249.91** | **-** | **8,249.91** | **7,486.89** | **-** | **7,486.89** |
| **Total assets** | | **34,539.14** | **-** | **34,539.14** | **35,656.93** | **-** | **35,656.93** |
| **EQUITY AND LIABILITIES** | | | | | | | |
| (a) Equity share capital | | 29.39 | - | 29.39 | 29.39 | - | 29.39 |
| (b) Other equity | | 30,006.46 | - | 30,006.46 | 30,913.16 | - | 30,913.16 |
| **Total equity** | | **30,035.85** | **-** | **30,035.85** | **30,942.55** | **-** | **30,942.55** |
| **Liabilities** | | | | | | | |
| **Non-current liabilities** | | | | | | | |
| (a) Financial liabilities | | | | | | | |
| (i) Borrowings | | - | - | - | - | - | - |
| (b) Provisions | | 66.54 | - | 66.54 | 89.24 | - | 89.24 |
| (c) Deferred tax liabilities (Net) | | - | - | - | 40.47 | - | 40.47 |
| (d) Other non-current liabilities | | 46.50 | - | 46.50 | 32.50 | - | 32.50 |
| **Total non-current liabilities** | | **113.04** | **-** | **113.04** | **162.21** | **-** | **162.21** |
| **Current liabilities** | | | | | | | |
| (a) Financial liabilities | | | | | | | |
| (i) Borrowings | | - | - | - | 1,620.06 | - | 1,620.06 |
| (ii) Trade payables | | 3,585.81 | - | 3,585.81 | 2,308.46 | - | 2,308.46 |
| (iii) Other financial liabilities | | 98.92 | - | 98.92 | 76.47 | - | 76.47 |
| (b) Provisions | | 69.25 | - | 69.25 | 7.86 | - | 7.86 |
| (c) Other current liabilities | | 636.27 | - | 636.27 | 539.32 | - | 539.32 |
| **Total current liabilities** | | **4,390.25** | **-** | **4,390.25** | **4,552.17** | **-** | **4,552.17** |
| **Total liabilities** | | **4,503.29** | **-** | **4,503.29** | **4,714.38** | **-** | **4,714.38** |
| **Total equity and liabilities** | | **34,539.14** | **-** | **34,539.14** | **35,656.93** | **-** | **35,656.93** |

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**3.2 Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended March 31, 2016**

(Rs in lacs)

| Particulars | Notes | 2015-16 (End of last period presented under previous GAAP) | | |
|---|---|---|---|---|
| | | Previous GAAP | Effect of transition to Ind AS | As per Ind AS Profit & Loss A/c |
| Revenue from operations | a | 27,392.41 | 3,038.84 | 30,431.25 |
| Other income | | 31.22 | - | 31.22 |
| **Total Income** | | **27,423.63** | **3,038.84** | **30,462.47** |
| **Expenses** | | | | |
| Cost of materials consumed | | 18,338.93 | - | 18,338.93 |
| Purchase of stock-in-trade | | 27.11 | - | 27.11 |
| Changes in inventories of finished goods, stock-in-trade and | | (110.64) | - | (110.64) |
| Employee benefits expense | b | 1,941.02 | (13.00) | 1,928.02 |
| Finance costs | | 133.80 | - | 133.80 |
| Depreciation and amortization expense | | 3,921.38 | - | 3,921.38 |
| Excise duty on sale of goods | a | - | 4,661.10 | 4,661.10 |
| Other expenses | a | 4,348.30 | (1,622.26) | 2,726.04 |
| **Total expenses** | | **28,599.90** | **3,025.84** | **31,625.74** |
| **Profit before tax** | | **(1,176.27)** | **13.00** | **(1,163.27)** |
| Tax expense | | | | |
| a) Current tax | | - | - | - |
| b) Deferred tax | | (269.57) | - | (269.57) |
| | | **(269.57)** | **-** | **(269.57)** |
| **Profit for the period** | | **(906.70)** | **13.00** | **(893.70)** |
| **Other comprehensive income** | | | | |
| A i Items that will not be reclassified to profit or loss | | | | |
| a) Remeasurements of the define benefit plans | b | - | (13.00) | (13.00) |
| **Total comprehensive income for the period** | | **(906.70)** | **(13.00)** | **(906.70)** |

**Explanatory Notes**

a Also under previous GAAP, the discount which was offered to the customers was considered as a part of selling and distribution expense hence, the same was presented under other expenses. As per Ind AS, the same is considered as an adjustment to sales price hence the same is added to the revenue from operations and removed from other expenses amounting to Rs. 1,622.26 lacs.

Under previous GAAP, revenue from sale of products was presented net of excise duty under revenue from operations. Whereas, under Ind As, revenue from sale of products includes excise duty. The corresponding excise duty expense amounting to Rs. 4,661.10 lacs is presented separately on the face of the Consolidated Statement of Profit and Loss for the year ended March 31, 2016. The changes does not affect total equity as at March 31,2016 and April 1,2015,profit before tax or total profit for the year ended March 31,2016.

b Under previous GAAP, actuarial gain and losses were recognized in profit or loss. Under Ind AS, the actuarial gains and losses form part of Remeasurement of the net defined benefit liability / asset which is recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognized in other comprehensive income under Ind AS instead of profit or loss. The actuarial loss for the year ended March 31, 2016 were Rs. 13.00 lacs. This change does not affect total equity, but there is a increase in profit before tax of Rs. 13.00 lacs.

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## 4. PROPERTY,PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

(Rs. In Lacs)

| Sr No | Assets | GROSS CARRYING VALUE | | | | ACCUMULATED DEPRECIATION AND AMORTIZATION | | | | NET CARRYING VALUE | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | As at April 1, 2016 | Additions | Disposals | As at March 31, 2017 | As at April 1, 2016 | For the Year | Disposals | As at March 31, 2017 | As at March 31, 2017 | As at March 31, 2016 |
| Cost or Deemed cost | | | | | | | | | | | |
| A. TANGIBLE ASSETS | | | | | | | | | | | |
| a | Land | 599.20 | 1,162.66 | - | 1,761.86 | - | - | - | - | 1,761.86 | 599.20 |
| | | *599.20* | - | - | *599.20* | - | - | - | - | *599.20* | *599.20* |
| b | Buildings | 1,157.91 | 611.47 | - | 1,769.38 | 47.11 | 55.57 | - | 102.68 | 1,666.70 | 1,110.80 |
| | | *1,008.72* | *149.19* | - | *1,157.91* | - | *47.11* | - | *47.11* | *1,110.80* | *1,008.72* |
| c | Plant and Equipments | 2,422.21 | 1,496.59 | 13.35 | 3,905.45 | 141.71 | 226.34 | 3.13 | 364.92 | 3,540.53 | 2,280.50 |
| | | *1,460.03* | *963.22* | *1.04* | *2,422.21* | - | *141.97* | *0.26* | *141.71* | *2,280.50* | *1,460.03* |
| d | Furniture and Fixtures | 327.96 | 121.08 | 4.05 | 444.99 | 29.05 | 42.26 | 1.80 | 69.51 | 375.48 | 298.91 |
| | | *175.47* | *152.54* | *0.05* | *327.96* | - | *29.05* | - | *29.05* | *298.91* | *175.47* |
| e | Vehicles | 54.82 | 17.15 | 0.04 | 71.93 | 5.09 | 7.90 | - | 12.99 | 58.94 | 49.73 |
| | | *30.58* | *24.24* | - | *54.82* | - | *5.09* | - | *5.09* | *49.73* | *30.58* |
| f | Computers and Office Equipments | 79.37 | 40.71 | 3.87 | 116.21 | 18.79 | 24.36 | 2.28 | 40.87 | 75.34 | 60.58 |
| | | *41.31* | *38.29* | *0.23* | *79.37* | - | *18.83* | *0.04* | *18.79* | *60.58* | *41.31* |
| | **Total** | **4,641.47** | **3,449.66** | **21.31** | **8,069.82** | **241.75** | **356.43** | **7.21** | **590.97** | **7,478.85** | **4,399.72** |
| | | ***3,315.31*** | ***1,327.48*** | ***1.32*** | ***4,641.47*** | **-** | ***242.05*** | ***0.30*** | ***241.75*** | ***4,399.72*** | ***3,315.31*** |
| B. INTANGIBLE ASSETS | | | | | | | | | | | |
| a | Computer software | 5.29 | | | 5.29 | 1.62 | 1.45 | | 3.07 | 2.22 | 3.67 |
| | | *5.29* | - | - | *5.29* | - | *1.62* | - | *1.62* | 3.67 | *5.29* |
| b | Goodwill | 24,424.08 | | | 24,424.08 | 3,677.71 | 3,677.72 | | 7,355.43 | 17,068.65 | 20,746.37 |
| | | *24,424.08* | - | - | *24,424.08* | - | *3,677.71* | - | *3,677.71* | *20,746.37* | *24,424.08* |
| | **Total** | **24,429.37** | - | - | **24,429.37** | **3,679.33** | **3,679.17** | - | **7,358.50** | **17,070.87** | **20,750.04** |
| | | *24,429.37* | - | - | *24,429.37* | - | *3,679.33* | - | *3,679.33* | *20,750.04* | *24,429.37* |

**Notes:**

a The Company has availed the deemed cost exemption in relation to the property plant and equipment and intangible assets on the date of transition i.e. April 1, 2015 and hence the net carrying amount has been considered as the gross carrying amount on that date. Refer table below for the gross value and the accumulated depreciation as on April 1, 2015 under Indian GAAP (IGAAP).

**GROSS AND ACCUMULATED DEPRECIATION DETAILS (AS PER PREVIOUS GAAP) :**

(Rs. In Lacs)

| AS AT APRIL 1,2015 | Land | Buildings | Plant and Equipments | Furniture and Fixtures | Vehicles | Computers and Office Equipments | Computer software | Goodwill | Total |
|---|---|---|---|---|---|---|---|---|---|
| Gross Amount | 599.20 | 1,024.97 | 1,567.00 | 187.19 | 32.01 | 47.46 | 5.76 | 25,744.03 | 29,207.62 |
| Accumulated Depreciation/Amortization | - | 16.25 | 106.97 | 11.72 | 1.43 | 6.15 | 0.47 | 1,319.95 | 1,462.94 |
| **Net Block** | **599.20** | **1,008.72** | **1,460.03** | **175.47** | **30.58** | **41.31** | **5.29** | **24,424.08** | **27,744.68** |

b 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 aseets and has computed depreciation as provided in Schedule II of the Companies Act, 2013.

c Building on lease hold property is depreciated over the remaining lease hold period.

d Figures in the italics are of Previous Year.

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RESINOVA CHEMIE LIMITED AHMEDABAD

RESINOVA CHEMIE LIMITED (FORMERLY KNOWN AS ADVANCED ADHESIVES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

5 LOANS (Rs. In Lacs)

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Non-current** | | | |
| Loans and Advances to Employees | 13.42 | 19.81 | 15.32 |
| **Total** | **13.42** | **19.81** | **15.32** |
| **Current** | | | |
| Loans and Advances to Employees | 15.07 | 34.68 | 48.37 |
| **Total** | **15.07** | **34.68** | **48.37** |

6 OTHER FINANCIAL ASSETS (Rs. In Lacs)

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Non-current** | | | |
| Security Deposits | 56.97 | 34.14 | 32.35 |
| **Total** | **56.97** | **34.14** | **32.35** |
| **Current** | | | |
| Security Deposits | 10.71 | 98.70 | 106.27 |
| Interest Accrued on loans and deposits | 1.51 | 1.61 | 0.55 |
| Other Receivable | 1.78 | 18.33 | - |
| **Total** | **14.00** | **118.64** | **106.82** |

7 DEFERRED TAX ASSETS (NET) (Rs. In Lacs)

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Deferred Tax Liabilities** | | | |
| Difference between book balance and tax balance of fixed assets | - | 1,458.99 | - |
| **Total** | - | 1,458.99 | - |
| **Deferred Tax Assets** | | | |
| Provision for doubtful debt | - | 8.25 | - |
| Disallowance under Section 43B of the Income Tax Act, 1961 | - | 3.95 | - |
| Unabsorbed depreciation | - | 1,638.06 | - |
| Provision for Gratuity | - | 37.83 | - |
| **Total** | - | 1,688.09 | - |
| **Total** | - | **229.10** | - |

8 OTHER ASSETS (Rs. In Lacs)

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Non-current** | | | |
| Prepaid Expenses | 28.43 | - | - |
| Capital Advances | 431.65 | 173.85 | 93.97 |
| MAT Credit Entitlement | 164.40 | - | - |
| **Total** | **624.48** | **173.85** | **93.97** |
| **Current** | | | |
| Prepaid Expenses | 21.81 | 90.87 | 65.47 |
| Balance with Customs , Central Excise and Central Sales Tax | 166.05 | 190.00 | 145.64 |
| Advances to Suppliers | 150.93 | 182.76 | 79.65 |
| **Total** | **338.79** | **463.63** | **290.76** |

N. GAMADIA & CO. FRN: 116075W AHMEDABAD CHARTERED ACCOUNTANTS

RESINOVA CHEMIE LIMITED AHMEDABAD

9 **INVENTORIES** (Rs. In Lacs)

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Raw Materials | 2,336.63 | 2,105.46 | 1,570.02 |
| Work-in-Progress | 458.93 | 355.90 | 405.26 |
| Stock In Trade | 193.74 | 15.13 | 0.26 |
| Finished Goods | 2,532.49 | 1,967.38 | 1,822.25 |
| Packing Materials | 739.07 | 641.33 | 589.46 |
| Stores & Spares | 30.04 | 35.13 | 29.64 |
| **Total** | **6,290.90** | **5,120.33** | **4,416.89** |

10 **TRADE RECEIVABLES** (Rs. In Lacs)

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Unsecured, considered good | 4,394.60 | 1,615.69 | 1,761.38 |
| Doubtful | 4.70 | 26.70 | 15.70 |
| Allowance for doubtful debts (expected credit loss allowance) | (4.70) | (26.70) | (15.70) |
| **Total** | **4,394.60** | **1,615.69** | **1,761.38** |

**Break-up for trade receivables:** (Rs. In Lacs)

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Trade receivables | 4,391.57 | 1,615.69 | 1,405.82 |
| Receivables from an associate (Refer Note No. 31) | 3.03 | - | - |
| Receivables from other related parties (Refer Note No. 31) | - | - | 355.56 |
| **Total** | **4,394.60** | **1,615.69** | **1,761.38** |

11 **CASH AND CASH EQUIVALENTS** (Rs. In Lacs)

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Balance With Banks | | | |
| In Current Accounts | 156.25 | 234.85 | 515.04 |
| In Deposit Accounts * | 13.34 | 11.26 | 0.11 |
| In Unpaid Dividend Accounts | | | |
| Cash on Hand | 4.90 | 4.30 | 3.67 |
| **Total** | **174.49** | **250.41** | **518.82** |

* Represents deposits with remaining maturity of more than 12 months from the balance sheet date Rs.5.71 lacs. (As at March 31, 2016 : Rs. 6.76 lacs and As at April 1, 2015 : Rs. 0.11 Lacs)

12 **CURRENT TAX ASSETS (NET)** (Rs. In Lacs)

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Current tax assets** | | | |
| Others | 527.35 | 646.53 | 343.85 |
| **Total** | **527.35** | **646.53** | **343.85** |

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CHEMIE LIMITED AHMEDABAD

**13 EQUITY SHARE CAPITAL** (Rs. In Lacs)

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Authorised Share Capital** | | | |
| 57,50,000 (As at March 31,2016 and As at April 1 ,2015 : 57,50,000) Equity Shares of Rs.10/- each | 575.00 | 575.00 | 575.00 |
| **Issued, Subscribed & Fully Paid Share Capital** | | | |
| 2,93,895 (As at March 31,2016 and As at April 1 ,2015 : 2,93,895) Equity Shares of Rs. 10/- each fully paid up | 29.39 | 29.39 | 29.39 |
| **Total** | **29.39** | **29.39** | **29.39** |

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 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.

c) **Reconciliation of number of shares outstanding :**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| As at beginning of the year | 2,93,895 | 2,93,895 | 2,93,895 |
| Add: Shares Issued | - | - | - |
| As at end of the year | **2,93,895** | **2,93,895** | **2,93,895** |

d) **Details of share held by the shareholder holding more than 5% shares :**

| Name of Shareholders | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Astral Poly Technik Limited | | | |
| No. of Shares | 2,86,395 | 2,86,395 | 2,86,395 |
| % of Shares Held | 97.45% | 97.45% | 97.45% |

**14 BORROWINGS** (Rs. In Lacs)

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Non-current** | | | |
| **Secured** | | | |
| Term Loans From Banks | | | |
| In Rupee | 475.00 | - | - |
| **Less :** Current maturity of long term loans | 23.75 | - | - |
| **Total** | **451.25** | - | - |
| **Current** | | | |
| **Secured** | | | |
| Short Term Loan From Banks | 1,000.00 | - | - |
| Working Capital Limits From Banks | 14.52 | - | 120.06 |
| **Total** | **1,014.52** | - | **120.06** |
| **Current** | | | |
| **Unsecured** | | | |
| Short Term Loan From Director | - | - | 1,500.00 |
| **Total** | - | - | **1,500.00** |

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Note: Amount stated in Current maturity is disclosed under the head of "Other Current Liabilities" (Refer Note No. 19)

a) Term Loans are Secured by way of first charge, in respect of Fixed Assets, both present and future, and second charge on entire current assets of the Company both present and future.

1 Kotak Bank Term Loan of Rs.475.00 Lacs (Previous Year 2015-16: Rs. Nil &Previous Year 2014-15 : Rs. Nil) repayable within 57 Months (i.e. by December 2022) including initial moratorium period of twelve months from the date of first disbursement in twenty quarterly equal instalments.

b) Secured Working Capital Loan Repayable on demand to Bank - 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.

c) Unsecured loan is payable on demand.

**15 PROVISIONS** (Rs. In Lacs)

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Non-current** | | | |
| Provision for Employee Benefits (Refer Note No. 30) | 67.89 | 66.54 | 89.24 |
| **Total** | **67.89** | **66.54** | **89.24** |
| **Current** | | | |
| Provision for Employee Benefits (Refer Note No. 30) | 80.50 | 69.25 | 7.86 |
| **Total** | **80.50** | **69.25** | **7.86** |

**16 DEFERRED TAX LIABILITIES (NET)** (Rs. In Lacs)

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Deferred Tax Liabilities** | | | |
| Difference between book balance and tax balance of fixed assets | 2,000.89 | - | 655.98 |
| **Total** | 2,000.89 | - | 655.98 |
| **Deferred Tax Assets** | | | |
| Provision for doubtful debt | 1.55 | - | - |
| Disallowance under Section 43B of the Income Tax Act, 1961 | 21.55 | - | 2.75 |
| Unabsorbed depreciation | 1,780.75 | - | 603.39 |
| Provision for Gratuity | 44.26 | - | 9.37 |
| **Total** | 1,848.11 | - | 615.51 |
| **Total** | **152.78** | - | **40.47** |

**17 OTHER LIABILITIES** (Rs. In Lacs)

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Non-current** | | | |
| Security Deposit | - | 46.50 | 32.50 |
| **Total** | - | **46.50** | **32.50** |
| **Current** | | | |
| Other Paybales | | | |
| Statutory remittances | 619.09 | 548.22 | 446.17 |
| Advance Received from Customers | 761.95 | 88.05 | 93.15 |
| **Total** | **1,381.04** | **636.27** | **539.32** |

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CHEMIE LIMITED AHMEDABAD

**18 TRADE PAYABLES** (Rs. In Lacs)

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Acceptances | - | 377.52 | - |
| Other than Acceptances * | 3,725.64 | 3,208.29 | 2,308.46 |
| **Total** | **3,725.64** | **3,585.81** | **2,308.46** |

* There are no dues to Micro and Small Enterprises as on March 31, 2017 , March 31, 2016 and April 1,2015. 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. This has been relied upon by the Auditor.

**19 OTHER FINANCIAL LIABILITIES** (Rs. In Lacs)

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Non-current** | | | |
| | - | - | - |
| **Total** | - | - | - |
| **Current** | | | |
| Current maturities of Long Term Borrowings (Refer Note No. 14) | 23.75 | - | - |
| Interest accrued and due on borrowings | 5.43 | - | 47.59 |
| Interest accrued but not due on borrowings | - | 0.72 | - |
| Payable for capital goods | 241.53 | 98.20 | 28.88 |
| **Total** | **270.71** | **98.92** | **76.47** |

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CHEMIE LIMITED AHMEDABAD

**RESINOVA CHEMIE LIMITED (FORMERLY KNOWN AS ADVANCED ADHESIVES LIMITED)**
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**20 REVENUE FROM OPERATIONS** (Rs. In Lacs)

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| Sale of products | 37,658.52 | 30,431.25 |
| **Total** | **37,658.52** | **30,431.25** |

**21 OTHER INCOME** (Rs. In Lacs)

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| Interest Income comprises: | | |
| From Banks on deposits | 1.13 | 1.07 |
| From Others | 3.60 | - |
| Gain on Sale of Current Investments (At FVTPL) | - | 2.41 |
| Profit on sale of Fixed Assets | - | 2.48 |
| Net Gain on Foreign Currency transactions and translations | 129.80 | - |
| Miscellaneous Income | 3.67 | 25.26 |
| **Total** | **138.20** | **31.22** |

**22 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS** (Rs. In Lacs)

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| Inventories At the end of the year | | |
| Finished Goods | 2,532.49 | 1,967.38 |
| Work-in-progress | 458.93 | 355.90 |
| Stock In Trade | 193.74 | 15.13 |
| | 3,185.16 | 2,338.41 |
| Inventories At the beginning of the year | | |
| Finished Goods | 1,967.38 | 1,822.25 |
| Work-in-progress | 355.90 | 405.26 |
| Stock In Trade | 15.13 | 0.26 |
| | 2,338.41 | 2,227.77 |
| **Net (Increase) / Decrease** | **(846.75)** | **(110.64)** |

**23 EMPLOYEE BENEFITS EXPENSE** (Rs. In Lacs)

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| Salaries and wages | 2,187.02 | 1,750.36 |
| Contribution to Provident and Other Funds (Refer Note No. 30) | 130.44 | 105.03 |
| Staff Welfare Expenses | 85.43 | 72.63 |
| **Total** | **2,402.89** | **1,928.02** |

**24 FINANCE COSTS** (Rs. In Lacs)

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| Interest Expenses on: | | |
| Borrowings | 132.03 | 107.30 |
| Others | 7.90 | 14.00 |
| Other Borrowing Costs | 21.90 | 12.50 |
| Expenses on Foreign Currency Transaction | 36.33 | - |
| **Total** | **198.16** | **133.80** |

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25 OTHER EXPENSES (Rs. In Lacs)

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| Consumption of Stores, Spares | 150.60 | 75.09 |
| Power and Fuel | 419.71 | 348.59 |
| Rent Expenses * | 220.71 | 175.26 |
| Repairs Expenses | | |
| Repairs to Buildings | 47.53 | 25.27 |
| Repairs to Machinery | 34.63 | 26.45 |
| Repairs Others | 55.72 | 46.55 |
| Insurance Expenses | 28.94 | 18.37 |
| Rates and Taxes | 69.24 | 73.21 |
| Royalty Expense | 258.92 | 173.61 |
| Communication Expenses | 102.08 | 96.84 |
| Travelling Expenses | 537.89 | 482.65 |
| Factory and Other Expenses | 40.77 | 26.77 |
| Printing and Stationary | 31.93 | 18.05 |
| Freight and Fowarding | 989.94 | 494.71 |
| Changes in Excise Duty on Inventories | (8.78) | 52.21 |
| Sales Promotions | 764.94 | 347.11 |
| Directors Sitting Fees | 4.52 | 2.00 |
| Security Service Charges | 36.16 | 27.06 |
| Legal and Professional | 109.01 | 86.93 |
| Payments to Auditors ** | 5.89 | 3.87 |
| Bad Debts Written Off | 27.38 | 1.30 |
| Provision for Doubtful Trade Receivables | 4.70 | 11.00 |
| Net Loss on Foreign Currency transactions and translations | - | 34.39 |
| Loss on Sale of Assets (Net) | 12.46 | - |
| Other Expenses | 110.69 | 78.75 |
| **Total** | **4,055.58** | **2,726.04** |

* The Company is lessee under various operating leases under which rental expenses for the year was Rs. 220.71 Lacs (Previous year: Rs. 175.26 Lacs). The Company has not executed any non-cancellable lease agreement.

** PAYMENT TO AUDITORS (EXCLUDING SERVICE TAX) (Rs. In Lacs)

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| **To Statutory Auditors** | | |
| For statutory audit | 3.50 | 3.00 |
| For tax audit | 2.00 | 0.30 |
| For other services | 0.33 | 0.57 |
| For reimbursement of expenses | 0.06 | - |
| **Total** | **5.89** | **3.87** |

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SINGHANIA CHEMIE LIMITED AHMEDABAD

RESINOVA CHEMIE LIMITED (FORMERLY KNOWN AS ADVANCED ADHESIVES LIMITED)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

**26. Financial Instruments**

**A. Accounting classification and fair values**

(Rs. in Lacs)

| | Carrying amount | | | |
|---|---|---|---|---|
| **As At March 31, 2017** | **FVTPL** | **FVTOCI** | **Amotised Cost** | **Total** |
| Trade receivables | - | - | 4,394.60 | 4,394.60 |
| Cash and cash equivalents | - | - | 174.49 | 174.49 |
| Loans | | | 28.49 | 28.49 |
| Other Financial Assets | - | - | 70.97 | 70.97 |
| | **-** | **-** | **4,668.55** | **4,668.55** |
| **Financial liabilities** | | | | |
| Non current borrowings | - | - | 451.25 | 451.25 |
| Trade payables | - | - | 3,725.64 | 3,725.64 |
| Other financial liabilities | - | - | 270.71 | 270.71 |
| | **-** | **-** | **4,447.60** | **4,447.60** |

(Rs. in Lacs)

| | Carrying amount | | | |
|---|---|---|---|---|
| **As At March 31, 2016** | **FVTPL** | **FVTOCI** | **Amotised Cost** | **Total** |
| **Financial assets** | | | | |
| Trade receivables | - | - | 1,615.69 | 1,615.69 |
| Cash and cash equivalents | - | - | 250.41 | 250.41 |
| Loans | | | 54.49 | 54.49 |
| Other Financial Assets | - | - | 152.78 | 152.78 |
| | **-** | **-** | **2,073.37** | **2,073.37** |
| **Financial liabilities** | | | | |
| Non current borrowings | - | - | - | - |
| Trade payables | - | - | 3,585.81 | 3,585.81 |
| Other financial liabilities | - | - | 98.92 | 98.92 |
| | **-** | **-** | **3,684.73** | **3,684.73** |

(Rs. in Lacs)

| | Carrying amount | | | |
|---|---|---|---|---|
| **As At April 1; 2015** | **FVTPL** | **FVTOCI** | **Amotised Cost** | **Total** |
| **Financial assets** | | | | |
| Trade receivables | - | - | 1,761.38 | 1,761.38 |
| Cash and cash equivalents | - | - | 518.82 | 518.82 |
| Loans | - | - | 63.69 | 63.69 |
| Other Financial Assets | - | - | 139.17 | 139.17 |
| | **-** | **-** | **2,483.06** | **2,483.06** |
| **Financial liabilities** | | | | |
| Non current borrowings | - | - | - | - |
| Trade payables | - | - | 2,308.46 | 2,308.46 |
| Other financial liabilities | - | - | 76.47 | 76.47 |
| | **-** | **-** | **2,384.93** | **2,384.93** |

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### B. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

#### i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company manages market risk through a treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies, which are approved by Board of Directors. The activities of this department include management of cash resources, borrowing strategies, and ensuring compliance with market risk limits and policies.

#### ii. Credit risk

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

The carrying amount of following financial assets represents the maximum credit exposure:

**Trade and other receivables**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The maximum exposure to credit risk for trade receivables by geographic region was as follows:

**(Rs. in Lacs)**

| | Carrying amount | | |
|---|---|---|---|
| | **March 31, 2017** | **March 31, 2016** | **April 1, 2015** |
| Domestic | 4,317.89 | 1,593.57 | 1,646.21 |
| Other regions | 76.71 | 22.12 | 115.17 |
| | 4,394.60 | 1,615.69 | 1,761.38 |

At 31st March, 2017, the Company's top 10 customers, accounted for Rs. 1,439.07 lacs of the trade and other receivables carrying amount (March 31, 2016: Rs. 207.75 lacs and April 1, 2015 : Rs. 510.94 lacs).

**Impairment**

Ageing of Receivables **(Rs. in Lacs)**

| | | Carrying amount | | |
|---|---|---|---|---|
| **Particulars** | **Expected Credit Loss (%)** | **March 31, 2017** | **March 31, 2016** | **April 1, 2015** |
| Neither past due nor impaired | | 2,318.51 | 1,305.53 | 1,404.02 |
| Past due 1–30 days | - | 607.01 | 125.88 | 215.76 |
| Past due 31–90 days | - | 129.36 | 90.18 | 54.52 |
| Past due 91–180 days | - | 1,250.56 | 25.14 | 25.52 |
| Past due more than 180 days | 5.01% | 89.16 | 68.96 | 61.56 |
| | | 4,394.60 | 1,615.69 | 1,761.38 |

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RESINOVA CHEMIE LIMITED AHMEDABAD

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

**Movement in Expected Credit Loss Allowance**

(Rs. in Lacs)

| Particulars | March 31, 2017 | March 31, 2016 |
|---|---|---|
| Balance at the beginning of the year | 26.70 | 15.70 |
| Reversal / expensed out from earlier year | 26.70 | - |
| Provision during the year | 4.70 | 11.00 |
| **Balance at the end of the year** | **4.70** | **26.70** |

**iii. Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company maintains the following lines of credit:
Cash Credit facility of Rs.2,200 lacs (March 31, 2016: Rs. 2,200 lacs and April 1, 2015: Rs. 2,200 lacs) that is secured through book debts and stock.

**Exposure to liquidity risk**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

(Rs. in Lacs)

| | | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|
| **As At March 31,2017** | **Carrying amount** | **Total** | **Less than 12 months** | **1-2 years** | **2-5 years** | **More than 5 years** |
| **Financial Liabilities** | | | | | | |
| Non current borrowings | 451.25 | 451.25 | - | 95.00 | 285.00 | 71.25 |
| Current financial liabilities | 1,014.52 | 1,014.52 | 1,014.52 | - | - | - |
| Trade and other payables | 3,725.64 | 3,725.64 | 3,725.64 | | | |
| Other current financial liabilities | 270.71 | 270.71 | 270.71 | - | - | - |

(Rs. in Lacs)

| | | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|
| **As At March 31,2016** | **Carrying amount** | **Total** | **Less than 12 months** | **1-2 years** | **2-5 years** | **More than 5 years** |
| **Financial Liabilities** | | | | | | |
| Trade and other payables | 3,585.81 | 3,585.81 | 3,585.81 | - | - | - |
| Other current financial liabilities | 98.92 | 98.92 | 98.92 | - | - | - |

N. GAMADIA & CO. FRN: 116075W AHMEDABAD CHARTERED ACCOUNTANTS

RESINOVA CHEMIE LIMITED AHMEDABAD

**RESINOVA CHEMIE LIMITED (FORMERLY KNOWN AS ADVANCED ADHESIVES LIMITED)**
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

**(Rs. in Lacs)**

| | | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|
| **As At April 1, 2015** | **Carrying amount** | **Total** | **Less than 12 months** | **1-2 years** | **2-5 years** | **More than 5 years** |
| **Financial Liabilities** | | | | | | |
| Current financial liabilities | 1,620.06 | 1,620.06 | 1,620.06 | - | - | - |
| Trade and other payables | 2,308.46 | 2,308.46 | 2,308.46 | - | - | - |
| Other current financial liabilities | 76.47 | 76.47 | 76.47 | - | - | - |

**iv. Market risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Company's income or expense. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk. Thus, our exposure to market risk is a function of borrowing activities, revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

**v. Currency risk**

The functional currency of the Company is Indian Rupee. The Company is exposed to currency risk on account of payables and receivables in foreign currency. Since the average exports account only for around 3 % of total sales, this is not precieved to be a major risk. The average imports of raw materials account for around 33 % of total purchases and stores & spares of less than 1% of total purchases. The Company has defined a hedging policy which is approved by the Board of Directors for heding certain portion of outstanding on a regular basis.

Company does not use derivative financial instruments for trading or speculative purposes.

**vi. Interest rate risk**

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates. The Company adopts a policy to ensure that maximum interest rate exposure is at a fixed rate. This is achieved by entering into fixed-rate instruments.

**Capital Management**

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Company monitors capital using a ratio of Total Debt to Total Equity. For this purpose, adjusted net debt is defined as total debt including current maturities of long term debt, comprising interest-bearing loans and borrowings, less cash and cash equivalents. Adjusted equity comprises all components of equity other than amounts accumulated in the hedging reserve.

The Company's adjusted net debt to equity ratio at March 31, 2017 was as follows.

**(Rs. in Lacs)**

| **Particulars** | **As at** | | |
|---|---|---|---|
| | **March 31, 2017** | **March 31, 2016** | **April 1, 2015** |
| Total liabilities | 1,475.00 | - | 1,500.00 |
| Less : Cash and bank balances | 174.49 | 250.41 | 518.82 |
| **Adjusted net debt** | 1,300.51 | (250.41) | 981.18 |
| Total equity | 30,482.30 | 30,035.85 | 30,942.55 |
| Adjusted net debt to adjusted equity ratio | 0.04 | - | 0.03 |

N. GAMADIA & CO. FRN: 116075W AHMEDABAD CHARTERED ACCOUNTANTS

RESINOVA CHEMIE LIMITED AHMEDABAD

**27. Tax expense**

**(a) Amounts recognised in profit and loss** (Rs. In Lacs)

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|---|---|
| **Current income tax** | 164.40 | - |
| **Mat Credit Entitlement** | (164.40) | - |
| **Deferred income tax liability / (asset), net** | | |
| Difference between book balance and tax balance of fixed assets | 541.91 | 803.01 |
| Provision For Doubtful Trade Receivable | 6.70 | (8.25) |
| Recognition of previously unrecognised tax losses | (24.03) | (29.66) |
| Unabsorbed depreciation | (142.69) | (1,034.67) |
| **Deferred tax expense** | 381.89 | (269.57) |
| **Tax expense for the year** | **381.89** | **(269.57)** |

**(b) Amounts recognised in other comprehensive income** (Rs. In Lacs)

| Particulars | For the year ended March 31, 2017 | | | For the year ended March 31, 2016 | | |
|---|---|---|---|---|---|---|
| | Before tax | Tax (expense) benefit | Net of tax | Before tax | Tax (expense) benefit | Net of tax |
| **Items that will not be reclassified to profit or loss** | | | | | | |
| Remeasurements of the defined benefit plans | (29.60) | - | (29.60) | (13.00) | - | (13.00) |
| | **(29.60)** | **-** | **(29.60)** | **(13.00)** | **-** | **(13.00)** |

**(c) Reconciliation of effective tax rate**

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|---|---|
| **Profit/(Loss) before tax (Rs. In Lacs)** | **857.94** | **(1,163.27)** |
| Tax using the Company's domestic tax rate | 33.063% | 30.90% |
| Tax using the MAT rate | 20.39% | - |

N. GAMADIA & CO. FRN: 116075W AHMEDABAD CHARTERED ACCOUNTANTS

RESINOVA CHEMIE LIMITED AHMEDABAD

**28. EARNINGS PER SHARE:**

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| Profit/(Loss) for the period attributable to the owners of the Compay (Rs. In Lacs) | 446.45 | (906.70) |
| Weighted average number of equity shares outstanding | 2,93,895 | 2,93,895 |
| Basic & Diluted Earnings Per Share (In Rs.) (Face value of Rs. 10/- each) | 151.91 | (308.51) |

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

**(Rs. In Lacs)**

| Sr. No. | Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|---|
| **Contingent Liabilities** | | | | |
| 1 | Letters of Credits for Purchases | 2,771.31 | 634.10 | --- |
| 2 | Bank Guarantee Given | 22.44 | 6.20 | 7.57 |
| 3 | Other Contingent Liabilities for Statutory Matters | 71.60 | 64.87 | 60.72 |
| 4 | Other Contingent Liabilities -Stamp Duty on Amalgamation | --- | 0.25 | 0.25 |
| **Commitments** | | | | |
| 1 | Capital Contracts remaining to be executed (Net of Advances) | 2,670.82 | 409.04 | 67.68 |
| **Other Contingent Liabilities** | | | | |
| 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.

**30. EMPLOYEE BENEFITS:**

The disclosures required under Indian Accounting Standard 19 "Employee Benefits" are given below:

**Defined Contribution Plan:**

Amount towards Defined Contribution Plan have been recognized under "Contribution to Provident and Other funds" in Note No. 23, Rs. 119.16 Lacs (Previous Year: Rs. 102.79 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. Nil (Previous Year : Rs.122.73) lacs relating to transferor company under scheme of Amalgamation where there benefit plan are not yet funded. The details of these defined benefit plans recognised in the financial statements are as under:

N. GAMADIA & CO. FRN: 116075W AHMEDABAD CHARTERED ACCOUNTANTS

CHEMIE LIMITED AHMEDABAD

**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 – As per Actuarial Valuations as on March 31, 2017:**

a) Change in Defined benefit Obligation during the year :

**(Rs. In Lacs)**

| Particulars | Gratuity | |
|---|---|---|
| | **2016-17** | **2015-16** |
| Obligations at the beginning of the year | 128.66 | 90.39 |
| Current service cost | 27.38 | 19.94 |
| Interest cost | 10.30 | 7.01 |
| Actuarial (gain) / loss – due to change in financial assumptions | 8.23 | 38.57 |
| Actuarial (gain) / loss- due to experience | 23.40 | (21.73) |
| Benefits paid | (5.90) | (5.52) |
| **Obligations at the end of the year** | **192.07** | **128.66** |

b) Change in fair value of plan assets during the year :

**(Rs. In Lacs)**

| Particulars | Gratuity | |
|---|---|---|
| | **2016-17** | **2015-16** |
| Plan assets at the beginning of the year, at fair value | 5.92 | 3.74 |
| Interest Income | 0.48 | 0.29 |
| Return on plant assets excluding interest income | 2.02 | 3.84 |
| Contributions | 49.98 | - |
| Benefits paid | (0.20) | (1.95) |
| **Plan assets at the end of the year, at fair value** | **58.20** | **5.92** |

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

**(Rs. In Lacs)**

| Particulars | Gratuity | |
|---|---|---|
| | **2016-17** | **2015-16** |
| Obligations at the end of the year | 192.07 | 128.66 |
| Plan assets at the end of the year, at fair value | (58.20) | (5.92) |
| **Liability/(Assets) recognized in Balance sheet** | **133.87** | **122.74** |

d) Net Interest cost for the current year:

(Rs. In Lacs)

| Particulars | Gratuity | |
|---|---|---|
| | 2016-17 | 2015-16 |
| Present value of benefit obligation at the beginning of the year | 128.66 | 90.39 |
| Fair value of plan assets at the beginning of the year | (5.92) | (3.74) |
| **Net liability / (Assets) at the beginning** | **122.74** | **86.65** |
| Interest cost | 10.30 | 7.01 |
| Interest income | (0.47) | (0.30) |
| Net Interest Cost for the year | **9.83** | **6.71** |

e) Expenses Recognized in the statement of Profit or Loss for Current Period:

(Rs. In Lacs)

| Particulars | Gratuity | |
|---|---|---|
| | 2016-17 | 2015-16 |
| Current service cost | 27.38 | 19.94 |
| Interest cost | 9.83 | 6.71 |
| **Expense recognized in the Statement of Profit and Loss** | **37.21** | **26.65** |

f) Expenses Recognized in the Other Comprehensive Income for Current Period:

(Rs. In Lacs)

| Particulars | Gratuity | |
|---|---|---|
| | 2016-17 | 2015-16 |
| Actuarial (gains) / losses on obligation for the period | 31.62 | 16.84 |
| Return on plant assets, excluding interest income | (2.02) | (3.84) |
| Change in Asset Ceiling | - | - |
| Net (Income) / Expense for the year recognized in OCI | **29.60** | **13.00** |

g) Balance Sheet Reconciliation:

(Rs. In Lacs)

| Particulars | Gratuity | |
|---|---|---|
| | 2016-17 | 2015-16 |
| Opening Net Liability | 122.74 | (1.31) |
| Expenses recognized in the Statement of Profit or Loss | 37.21 | 26.65 |
| Net Liability/(Assets) Transfer In | - | 84.40 |
| Expenses recognized in OCI | 29.60 | 13.00 |
| Benefits directly paid | (5.70) | - |
| Employer's contribution | (49.98) | - |
| Net liability / (Assets) recognized in balance sheet | **133.87** | **122.74** |

h) 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.

N. GAMADIA & CO. FRN: 116075W AHMEDABAD CHARTERED ACCOUNTANTS

CHEMI... LIMITED

i) Net interest cost for the next year:

| Particulars | Gratuity | |
|---|---|---|
| | 2016-17 | 2015-16 |
| Present Value of Benefit Obligation at the End of the Period | 192.07 | 128.66 |
| (Fair Value of Plan Assets at the End of the Period) | (58.20) | (5.92) |
| Net Liability/(Asset) at the End of the Period | **133.87** | **122.74** |
| Interest Cost | 14.70 | 10.30 |
| (Interest Income) | (4.45) | (0.47) |
| Net Interest Cost for Next Year | **10.25** | **9.83** |

j) Expenses recognized in the Statement of Profit or Loss for the next year:

**(Rs. In Lacs)**

| Particulars | Gratuity | |
|---|---|---|
| | 2016-17 | 2015-16 |
| Current Service Cost | 34.13 | 27.42 |
| Net Interest cost | 10.25 | 9.83 |
| Expenses recognized | **44.38** | **37.25** |

k) Cash flow projections from the fund:

**(Rs. In Lacs)**

| Particulars | Gratuity | |
|---|---|---|
| | 2016-17 | 2015-16 |
| Projected benefits payable in the future years from the date of reporting | | |
| 1st following year | 7.95 | 7.10 |
| 2nd following year | 7.69 | 3.66 |
| 3rd following year | 7.87 | 7.80 |
| 4th following year | 8.34 | 8.60 |
| 5th following year | 8.40 | 12.03 |
| Sum of year 6 to 10 | 60.49 | 93.97 |

l) Sensitivity analysis:

**(Rs. In Lacs)**

| Particulars | Gratuity | |
|---|---|---|
| | 2016-17 | 2015-16 |
| Projected benefit obligations on current assumptions | 192.07 | 128.66 |
| Delta effect of +1% change in the rate of Discounting | (22.17) | (14.84) |
| Delta effect of -1% change in the rate of Discounting | 26.74 | 17.96 |
| Delta effect of +1% change in the rate of salary Increase | 26.64 | 17.96 |
| Delta effect of -1% change in the rate of salary increase | (22.49) | (15.10) |
| Delta effect of +1% change in the rate of employee turnover | 0.58 | 0.78 |
| Delta effect of -1% change in the rate of employee turnover | (0.81) | (1.03) |

N. GAMADIA & CO. FRN: 116075W AHMEDABAD CHARTERED ACCOUNTANTS

CHEMIE LIMITED AHMEDABAD

m) Actuarial Assumptions:

| Particulars | Gratuity | |
|---|---|---|
| | 2016-17 | 2015-16 |
| Discount Rate | 7.66% | 8.01% |
| Expected return on plan assets | 7.66% | 8.01% |
| Annual Increase in Salary Costs | 7.00% | 7.00% |
| Mortality Tables | Indian Assured Lives Mortality (2006-08) | |

Future Salary increases are based on long term average salary rise expected taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employee market. Future Separation & mortality rates are obtained from relevant data of Life Insurance Corporation of India.

**Note:** The figures for the previous year have been adjusted wherever necessary to give effect to the scheme of Amalgamation.

**31. RELATED PARTY DISCLOSURES:**

1. Name of the party and relationships

| Sr. No. | Description of Relationship | Name of Related Parties |
|---|---|---|
| a. | Holding/Parent Company | Astral Poly Technik Limited |
| b. | Entities with joint control /Fellow Subsidiaries | Astral Biochem Private Limited<br>Seal IT Services Limited - UK<br>Seal IT Services Limited - USA |
| c. | Subsidiaries | Nil |
| d. | Associates | Kairav Chemicals Limited<br>Parikh Resins Limited<br>Aditya Polycare Private Limited |
| e. | Key Management Personnel of Company or its Parent | Mr. Sandeep Engineer<br>Mr. Vijay Parikh<br>Mr. Rajesh Dwivedi<br>Mr. Saumya Engineer<br>Mr. Kairav Engineer<br>Mr. Hiranand Savlani (Up to 28.03.2017)<br>Mrs. Monica Kanuga |
| f. | Relatives of Key Management Personnel | Mr. Nihir Parikh<br>Mr. Kushal Parikh |

N. GANDHI & CO. FRN: 116075W AHMEDABAD CHARTERED ACCOUNTANTS

2. Details of Related Party Transactions during the Year:

**(Rs. In Lacs)**

| | Particulars | 2016-17 | 2015-16 |
|---|---|---|---|
| **1.** | **Purchase of Goods/Assets** | | |
| | Astral Poly Technik Limited | 310.23 | 143.12 |
| | Seal It Services Limited – UK | 3.41 | 59.04 |
| **2.** | **Sale of Goods** | | |
| | Astral Poly Technik Limited | 8,780.58 | 4,759.33 |
| | Aditya Polycare Private Limited | 34.60 | - |
| **3.** | **Rent Paid** | | |
| | Mr. Vijay Parikh | 25.79 | 26.25 |
| | Parikh Resins Limited | 0.68 | 1.08 |
| | Astral Poly Technik Limited | 0.96 | 1.49 |
| | Kairav Chemicals Limited | 116.54 | 109.38 |
| **4.** | **Remuneration** | | |
| | Mr. Vijay Parikh | 17.78 | 17.78 |
| | Mr. Hiranand Savlani | 8.00 | - |
| | Mr. Nihir Parikh | - | 5.12 |
| | Mr. Rajesh Dwivedi | 7.51 | 2.67 |
| | Mr. Kushal Parikh | - | 5.12 |
| **5.** | **Loan Repaid** | | |
| | Mr. Vijay Parikh | - | 1,500.00 |
| **6.** | **Deposit for Directorship Received** | | |
| | Astral Poly Technik Limited | 7.00 | 1.00 |
| **7.** | **Deposit for Directorship Given Back** | | |
| | Astral Poly Technik Limited | 7.00 | 1.00 |
| **8.** | **Deposit Received Back** | | |
| | Kairav Chemicals Limited | 88.00 | - |
| **9.** | **Advanced Received for Sale of Goods** | | |
| | Astral Poly Technik Limited | 620.56 | - |
| **10.** | **Professional Fees Paid** | | |
| | Mrs. Monica Kanuga | 0.10 | - |

3. Details of Related Party outstanding balances:

**(Rs. In Lacs)**

| | Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|---|
| **1.** | **Payables** | | | |
| | Seal It Services Limited – UK | - | 58.84 | - |
| | Mr. Rajesh Dwivedi | - | 0.48 | - |
| | Mr. Vijay Parikh | - | 1.46 | 1.64 |
| **2.** | **Advances** | | | |
| | Astral Poly Technik Limited | 620.56 | - | - |
| **3.** | **Deposit Given** | | | |
| | Kairav Chemicals Limited | - | 88.00 | 88.00 |
| **4.** | **Receivable** | | | |
| | Mr. Nihir Parikh | - | - | 0.53 |
| | Astral Poly Technik Limited | - | - | 355.56 |
| | Aditya Polycare Private Limited | 3.03 | - | - |
| **5.** | **Loan Taken** | | | |
| | Mr. Vijay Parikh | - | - | 1,547.59 |

N. GAMADIA & CO. CHARTERED ACCOUNTANTS AHMEDABAD FRN: 116075W

SINCO CHEMIE LIMITED

## 32. SEGMENT REPORTING:

The Company is engaged mainly in production of Adhesive Solution and as such this is the only reportable business segment as per Indian Accounting Standard on Segment Reporting (AS – 108). There are no Geographical Segments as export turnover is not significant in respect of total turnover.

## 33. 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.

## 34. VALUE OF SALE OF GOODS:

| Sr. No. | Particulars | 2016-17 | | 2015-16 | |
|---|---|---|---|---|---|
| | | Value in Lacs | % of Total Sales | Value in Lacs | % of Total Sales |
| 1 | Adhesive Solution | 31,517.25 | 100.00 | 25,770.15 | 100.00 |

## 35. VALUE OF IMPORTED AND INDIGENOUS RAW MATERIAL AND PACKING MATERIAL CONSUMED:

| Sr. No. | Particulars | 2016-17 | | 2015-16 | |
|---|---|---|---|---|---|
| | | Value in Lacs | % of Total Consumption | Value in Lacs | % of Total Consumption |
| 1 | Imported | 6,858.93 | 33.07 | 7,555.02 | 41.08 |
| 2 | Indigenous | 13,878.77 | 66.93 | 10,783.91 | 58.92 |
| **Total** | | **20,737.70** | **100.00** | **18,338.93** | **100.00** |

## 36. VALUE OF IMPORTED AND INDIGENOUS STORES AND SPARES CONSUMED:

| Sr. No. | Particulars | 2016-17 | | 2015-16 | |
|---|---|---|---|---|---|
| | | Value in Lacs | % of Total Consumption | Value in Lacs | % of Total Consumption |
| 1 | Imported | - | - | - | - |
| 2 | Indigenous | 150.60 | 100.00 | 75.09 | 100.00 |
| **Total** | | **150.60** | **100.00** | **75.09** | **100.00** |

## 37. EARNINGS AND EXPENSES IN FOREIGN CURRENCY AND CIF VALUE OF IMPORTS:

a) CIF Value of Imports

**(Rs. In Lacs)**

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| Capital Goods | 205.76 | 189.37 |
| Raw Materials & Packing Materials | 6,087.00 | 6,010.36 |

N. GAMADIA & CO. * FRN: 116075W * AHMEDABAD * CHARTERED ACCOUNTANTS

INDIA CHEMIE LIMITED AHMEDABAD

b) Expenditure in foreign currency

(Rs. In Lacs)

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| Travelling | 2.82 | 8.65 |
| Others | 259.72 | 175.50 |

c) Earnings in foreign currency

(Rs. In Lacs)

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| Value of Export Sales (FOB Basis) | 5.30 | 5.36 |

38. Disclosure of specified bank notes (SBN) during the period from November 8, 2016 to December 30, 2016 as per MCA notification dated 30th March, 2017:

(Amount in Rs.)

| Particulars | SBNs | Other Denomination Notes | Total |
|---|---|---|---|
| Closing cash in hand as on November 8,2016 | 3,33,000.00 | 2,27,257.00 | 5,60,257.00 |
| (+) Permitted receipts | - | 28,43,950.00 | 28,43,950.00 |
| (-) Permitted payments | - | 23,57,851.00 | 23,57,851.00 |
| (-) Amount deposited in Banks | 3,33,000.00 | 376.00 | 3,33,376.00 |
| Closing cash in hand as on December 30, 2016 | - | 7,12,980.00 | 7,12,980.00 |

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

**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**

N. GAMADIA & CO. FRN: 116075W AHMEDABAD CHARTERED ACCOUNTANTS

RESINOVA CHEMIE LIMITED AHMEDABAD

**For and on behalf of the Board of Directors**

**(Sandeep P. Engineer)**
**Managing Director**
**DIN: 00067112**

**(Saumya S. Engineer)**
**Director**
**DIN :03105129**

Date: May 10 , 2017
Place: Ahmedabad

Date: May 10 , 2017
Place: Ahmedabad

# SEAL IT SERVICES LIMITED

## Financial Statements

## For FY 2016-17

# SEAL IT SERVICES LIMITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS

## 31 MARCH 2017

Company Registration Number 04487206

## SEAL IT SERVICES LIMITED

**Financial statements**

**Year ended 31 March 2017**

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**Contents**

# SEAL IT SERVICES LIMITED

## Officers and professional advisers

## Year ended 31 March 2017

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

# SEAL IT SERVICES LIMITED

## Strategic report

## Year ended 31 March 2017

**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 8 and 9, show a profit before taxation of £26,756 (2016: £780,088). The equity attributable to owners of the parent company totalled £2,774,869 (2016: £2,903,948).

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.

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

| | **2017** | 2016 |
|---|---|---|
| Turnover | **£15,885,771** | £13,776,125 |
| Debtor days | **74** | 78 |

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.

The economic environment in which the Group operates is expected to remain positive during the next twelve months, however, the future impact of Brexit on the local economy remains uncertain. The Group is committed to taking a proactive approach to the implications, risks and challenges that any changes Brexit may bring to the business and minimise any adverse impact.

# SEAL IT SERVICES LIMITED

## Strategic report *(continued)*

## Year ended 31 March 2017

Our obligations under the Data Protection Act 1998 and the increasing pace and complexity of cyber security risks are addressed by our in house experienced Information Technology specialists who are constantly monitoring and reviewing the network security and firewalls to ensure that no unauthorised access is permitted. The Group has a robust, live and fully tested business continuity plan to deal with disaster recovery.

**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. The reduction in profits is driven by the acquisition of the business in the US during the year and also the increased costs as a result of Brexit.

**Principal risk and uncertainties**
In common with all companies operating in the United Kingdom, the Group faces increasing costs. The directors are of the opinion that the Group 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. In order to manage this the Group has entered into long term borrowing arrangements.

*Competition risk*
The Group 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.

**Future developments**
Following a year of significant transition with the acquisition on a new business in the US it is expected that 2017 will see a return to profitability on a Group basis with both the UK and US business expected to make profits. With an experienced management team, a strong product portfolio, well invested asset bases and a robust financial position, we remain confident in the continued success and development of the business.

Signed on behalf of the directors

Mr G Helm
Director

Approved by the directors on 18|05|17

# SEAL IT SERVICES LIMITED

## Directors' report

## Year ended 31 March 2017

The directors present their report and financial statements for the year ended 31 March 2017.

**Events after the reporting date**
There are no events after the reporting date which require disclosure.

**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 Group 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 P Walters

**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 Group.

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 Group will continue in business.

# SEAL IT SERVICES LIMITED

## Director' report *(continued)*

## Year ended 31 March 2017

**Statement of directors' responsibilities** *(continued)*

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.

**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
Lowfields Business Park
West Yorkshire
HX5 9DN

Signed on behalf of the directors

Mr G Helm
Director

Approved by the directors on 18|05|17

BDO

Tel: +44 (0)28 9043 9009
Fax: +44 (0)28 9043 9010
Email: belfast@bdo.co.uk
www.bdoni.com

Chartered Accountants
Lindsay House
10 Callender Street
Belfast BT1 5BN



# SEAL IT SERVICES LIMITED

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

## Year ended 31 March 2017

We have audited the group and parent company financial statements ('the financial statements') of Seal It Services Limited for the year ended 31 March 2017 which comprise the Consolidated Statement of Profit and Loss and 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/auditscopeukprivate.

**Opinion on financial statements**
In our opinion the financial statements:

- give a true and fair view of the state of the group's affairs and parent company's affairs as at 31 March 2017 and of its loss 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, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors report have been prepared in accordance with applicable legal requirements.

# SEAL IT SERVICES LIMITED

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

*(continued)*

## Year ended 31 March 2017

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors report.

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

18 May 2017

# SEAL IT SERVICES LIMITED

## Consolidated statement of profit or loss and comprehensive income

## Year ended 31 March 2017

| | Note | 2017<br>£ | 2016<br>£ |
|---|---|---|---|
| **Continuing Operations** | | | |
| Revenue | 4 | 15,885,771 | 13,776,125 |
| Cost of sales | | 10,968,964 | 10,237,411 |
| **Gross profit** | | 4,916,807 | 3,538,714 |
| Distribution costs | | 1,785,963 | 1,620,245 |
| Administrative expenses | | 2,824,104 | 1,073,246 |
| Other operating income | | (40,061) | (25,360) |
| **Operating profit** | | 346,801 | 870,583 |
| Finance costs | 7 | 199,847 | 90,495 |
| Exceptional items – Foreign exchange Loss | 10 | 120,198 | - |
| **Profit before taxation** | | 26,756 | 780,088 |
| Taxation | 9 | 43,564 | 161,328 |
| **(Loss)/Profit for the year** | | (16,808) | 618,760 |
| **Other Comprehensive Income** | | | |
| Foreign exchange movement | | (112,271) | - |
| **Loss for the year and total comprehensive income** | | (129,079) | 618,760 |
| **Attributable to:** | | | |
| Owners of the parent company | | (129,079) | 618,760 |

# SEAL IT SERVICES LIMITED

## Consolidated statement of financial position

## Year ended 31 March 2017

| | Note | 2017 £ | 2016 £ |
|---|---|---|---|
| **Non-current assets** | | | |
| Intangible assets | 11 | 2,276,885 | - |
| Property, plant and equipment | 12 | 3,453,904 | 3,059,122 |
| Total non-current assets | | 5,730,789 | 3,059,122 |
| **Current assets** | | | |
| Inventory | 14 | 1,771,896 | 1,618,693 |
| Trade and other receivables | 15 | 3,542,777 | 3,366,368 |
| Cash and cash equivalents | 16 | 187,986 | 187,901 |
| Total current assets | | 5,502,659 | 5,172,962 |
| **Total assets** | | 11,233,448 | 8,232,084 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Loans and borrowings | 17 | 3,462,456 | 1,517,607 |
| Deferred tax liabilities | 19 | 165,946 | 202,935 |
| Total non-current liabilities | | 3,628,402 | 1,720,542 |
| **Current liabilities** | | | |
| Loans and borrowings | 17 | 2,841,047 | 1,787,456 |
| Trade and other payables | 18 | 1,989,130 | 1,820,138 |
| Total current liabilities | | 4,830,177 | 3,607,594 |
| **Total liabilities** | | 8,458,579 | 5,328,136 |
| **Net assets** | | 2,774,869 | 2,903,948 |
| **Equity attributable to owners of the parent** | | | |
| Share capital | 20 | 100 | 100 |
| Retained earnings | 21 | 2,887,040 | 2,903,848 |
| Foreign exchange reserve | 21 | (112,271) | - |
| **Total equity** | | 2,774,869 | 2,903,948 |

These accounts were approved by the directors and authorised for issue on 18/05/17 and are signed on their behalf by:

Mr G Helm

Company Registration Number: 04487206

# SEAL IT SERVICES LIMITED

## Company statement of financial position

## Year ended 31 March 2017

| | Note | 2017 £ | 2016 £ |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 12 | 3,093,513 | 3,059,122 |
| Investments | 13 | 542,340 | 100 |
| Total non-current assets | | 3,635,853 | 3,059,222 |
| **Current assets** | | | |
| Inventory | 14 | 1,702,007 | 1,618,693 |
| Trade and other receivables | 15 | 5,871,897 | 3,366,368 |
| Cash and cash equivalents | 16 | 164,731 | 187,901 |
| Total current assets | | 7,738,635 | 5,172,962 |
| **Total assets** | | 11,374,488 | 8,232,184 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Loans and borrowings | 17 | 3,462,456 | 1,553,530 |
| Deferred tax liabilities | 19 | 165,946 | 202,935 |
| Total non-current liabilities | | 3,628,402 | 1,756,465 |
| **Current liabilities** | | | |
| Loans and borrowings | 17 | 2,841,047 | 1,787,456 |
| Trade and other payables | 18 | 1,843,917 | 1,820,138 |
| Total current liabilities | | 4,684,964 | 3,607,594 |
| **Total liabilities** | | 8,313,366 | 5,364,059 |
| **Total net assets** | | 3,061,122 | 2,865,125 |
| **Equity attributable to owners of the parent company** | | | |
| Share capital | 20 | 100 | 100 |
| Retained earnings | 21 | 3,061,022 | 2,868,025 |
| **Total equity** | | 3,061,122 | 2,868,125 |

These accounts were approved by the directors and authorised for issue on 18/05/17 and are signed on their behalf by:

Mr G Helm

Company Registration Number: 04487206

# SEAL IT SERVICES LIMITED

## Consolidated statement of changes in equity

## Year ended 31 March 2017

| | Issued share capital £ | Foreign exchange reserve £ | Retained earnings £ | Total equity £ |
|---|---|---|---|---|
| At 1 April 2016 | 100 | - | 2,903,848 | 2,903,948 |
| Loss for the year | - | - | (16,808) | (16,808) |
| Foreign currency loss | - | (112,271) | - | (112,271) |
| Total comprehensive income for the year | - | (112,271) | (16,808) | (129,079) |
| At 31 March 2017 | 100 | (112,271) | 2,887,040 | 2,774,869 |

| | Issued share capital £ | Foreign exchange reserve £ | Retained earnings £ | Total equity £ |
|---|---|---|---|---|
| At 1 April 2015 | 100 | - | 2,285,088 | 2,285,188 |
| Profit for the year | – | - | 618,760 | 618,760 |
| Total comprehensive income for the year | 100 | - | 618,760 | 618,760 |
| At 31 March 2016 | 100 | - | 2,903,848 | 2,903,948 |

# SEAL IT SERVICES LIMITED

## Consolidated statement of cash-flows

## Year ended 31 March 2017

| | Note | 2017 £ | 2016 £ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| (Loss) / Profit before taxation | | (16,808) | 780,088 |
| Adjustment for: | | | |
| Depreciation | 12 | 580,524 | 411,607 |
| Net finance costs | 7 | 199,847 | 90,495 |
| Loss on disposal of fixed assets | | 3,595 | (39,222) |
| Tax on profit of ordinary activities | | 43,564 | - |
| | | 810,722 | 1,242,968 |
| Changes in working capital: | | | |
| Movement in inventory | | (125,866) | (53,978) |
| Movement in trade and other receivables | | (7,020) | (206,015) |
| Movement in trade and other payables | | (53,918) | (223,751) |
| **Cash generated from operations** | | 623,918 | 759,224 |
| Interest paid | | (193,290) | (90,495) |
| Income tax paid | | (47,977) | (107,037) |
| **Net cash inflow from operating activities** | | 382,651 | 561,692 |
| **Cash flows from investing activities** | | | |
| Cash paid to acquire Subsidiary undertaking | 27 | (2,618,577) | - |
| Proceeds from sale of equipment | | 8,900 | - |
| Purchase of property, plant and equipment | | (605,590) | (633,057) |
| **Net cash outflow from investing activities** | | (3,215,267) | (633,057) |
| **Cash flows from financing activities** | | | |
| Capital repayment of finance lease repayments | | (280,021) | (227,401) |
| Capital repayment of related party loans | | 628,445 | 19,346 |
| Issue of bank loans | | 2,175,971 | (51,333) |
| Repayment of bank loans | | (229,282) | – |
| Repayment of group loans | | (15,668) | – |
| **Net cash (outflow)/inflow from financing activities** | | 2,279,445 | (259,388) |
| **Net (decrease) in cash and cash equivalents** | | (553,171) | (330,753) |
| **Cash and cash equivalents at 1 April 2016** | | (1,305,073) | (974,320) |
| **Cash and cash equivalents at 31 March 2017** | 16 | (1,858,244) | (1,305,073) |

# SEAL IT SERVICES LIMITED

## Notes to the financial statements

## Year ended 31 March 2017

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, Lowfields Business Park, West Yorkshire, HX5 9DN. The principal activity of the Company and its Subsidiary 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. The financial statements are presented in pounds sterling, which is also the Group's functional currency. Amounts are rounded to the nearest pound, 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). 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.

## 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.

**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 USA Subsidiary was translated using the year end rate for consolidation purposes.

On consolidation, the results of overseas operations are translated into pounds sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve. The following exchange rates were applied for £1 at 31 March:

| | **2017** | 2016 |
|---|---|---|
| United States dollar | **1.25045** | 1.43730 |
| Euro | **1.16910** | 1.26125 |

**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.

## 2. Accounting policies *(continued)*

*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.

*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:

| | | |
|---|---|---|
| Land & Buildings | - | 4% Straight Line |
| Plant & Machinery | - | 20% Straight Line |
| Fixtures & Fittings | - | 20% Straight Line |
| Motor Vehicles | - | 20% - 25% Straight Line |
| Equipment | - | 20 - 33% Straight Line |

**Goodwill**

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

In relation to the acquisition which occurred during the year, cost comprises the fair value of assets given, liabilities assumed and equity instruments issued. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration

classified as a financial liability, remeasured subsequently through profit or loss. Direct costs of acquisition are recognised immediately as an expense.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

**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.

## 2. Accounting policies *(continued)*

### Impairment of non-current assets

Impairment tests on goodwill is undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

### 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.

### 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.

*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.

*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.

## 2. Accounting policies *(continued)*

### 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.

### Other financial liabilities

Other financial liabilities include the following items:

- Loans and 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.
- 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.

### Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Group's ordinary shares are classified as equity instrument.

### Income tax

Income tax for the years presented comprises current and deferred tax. Income tax is recognised in profit or loss.

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.

## 2. Accounting policies *(continued)*

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.

**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).

## 2. Accounting policies *(continued)*

### Financial risk management objectives and policies

The objective of the Group's capital management policy 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 2017.

### New standards, amendments and interpretations

*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 2018) 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.

- **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 12), 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.

## 5. Expenses by nature

| | **2017** | 2016 |
|---|---|---|
| | **£** | £ |
| Raw materials and consumables used | **10,231,961** | 8,742,013 |
| Employee costs | **2,379,224** | 2,045,149 |
| Depreciation | **580,524** | 411,607 |
| Other sales expenses | **447,061** | 387,201 |
| Repairs | **198,861** | 178,576 |
| Other cost of sales | **90,102** | 43,815 |
| Transport | **697,461** | 601,794 |
| Finance costs | **199,847** | 90,492 |
| Foreign currency gains/(losses) | **(18,529)** | (42,611) |
| Other administrative costs | **708,514** | 416,974 |
| Rent and rates | **263,852** | 146,387 |
| Other income | **(40,061)** | (25,360) |
| Exceptional item – currency loss | **120,198** | - |
| | **15,859,015** | 12,996,037 |

## 6. Employees and directors

**Staff numbers:**

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

| | 2017 No | 2016 No |
|---|---|---|
| Number of production staff | 32 | 23 |
| Number of distribution staff | 13 | 23 |
| Number of administrative staff | 42 | 31 |
| Number of management staff | 4 | 3 |
| | 91 | 80 |

**Payroll costs:**

The aggregate payroll costs of the above were:

| | 2017 £ | 2016 £ |
|---|---|---|
| Wages and salaries | 2,179,417 | 1,817,345 |
| Employers' national insurance contributions and similar taxes | 178,952 | 160,855 |
| Defined contribution pension cost | 20,855 | 66,949 |
| | 2,379,224 | 2,045,149 |

**Directors' remuneration:**

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

| | 2017 £ | 2016 £ |
|---|---|---|
| Remuneration receivable | 253,571 | 270,410 |
| Defined contribution pension cost | 20,855 | 66,949 |
| | 274,426 | 337,359 |

**Remuneration of highest paid director:**

| | 2017 £ | 2016 £ |
|---|---|---|
| Total remuneration (excluding pension contributions) | 113,231 | 104,480 |
| Value of Company pension contributions to money purchase schemes | 6,855 | 44,100 |
| | 120,086 | 148,580 |

## 6. Employees and directors *(continued)*

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

| | 2017 | 2016 |
|---|---|---|
| | No. | No. |
| Money purchase schemes | **2** | 2 |

**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:

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Remuneration receivable | **253,571** | 270,410 |
| Defined contribution pension cost | **20,855** | 66,949 |
| | **274,426** | 337,359 |

**Retirement benefits:**

The Group runs a defined benefit pension scheme for its employees. During the year, the Group made contributions of £20,855 (2016: £66,949).

## 7. Finance costs

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Interest expense on financial liabilities measured at amortised cost and other similar charges | **174,661** | 76,279 |
| Finance leases (interest portion) | **25,186** | 14,216 |
| | **199,847** | 90,495 |

## 8. Auditors remuneration

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Auditor's remuneration | | |
| - as auditor | **20,000** | 20,000 |
| Other services: | | |
| - taxation services | **2,000** | 2,000 |
| Total | **22,000** | 22,000 |

# SEAL IT SERVICES LIMITED

## Notes to the financial statements

## Year ended 31 March 2017

### 9. Taxation

**(a) Analysis of charge in the year**

| | 2017 £ | 2016 £ |
|---|---|---|
| Current tax: | | |
| In respect of the year: | | |
| Current tax based on the results for the year at 20% (2016 - 20%) | 68,725 | 120,081 |
| Under/(Over) provision in prior year | 11,828 | (6,029) |
| Total current tax | 80,553 | 114,052 |
| Deferred tax: | | |
| Origination and reversal of timing differences | (36,989) | 47,276 |
| Tax on profit on ordinary activities | 43,564 | 161,328 |

**(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 20% (2016 - 20%).

| | 2017 £ | 2016 £ |
|---|---|---|
| Profit before taxation | 26,756 | 780,088 |
| Profit by rate of corporation tax in UK | 5,351 | 156,018 |
| Expenses not deductible for tax purposes | 1,182 | 14,072 |
| Surplus / (Deficit) of depreciation over capital allowances | 27,401 | (51,906) |
| Adjustments to tax charge in respect of previous periods | 11,828 | (6,029) |
| Unrelieved foreign tax losses | 34,791 | - |
| Other provision | - | 1,897 |
| Deferred tax – fixed asset timing difference | (38,816) | 48,607 |
| Deferred tax – Short term timing difference | 1,827 | (1,331) |
| Total tax charge | 43,564 | 161,328 |

## 10. Exceptional Items

During the year ended 31 March 2017, a bank mortgage was obtained in USD to fund the acquisition of the subsidiary business. Since the date it was acquired there has been significant volatility in the USD / GBP exchange rate following the Brexit vote, which has resulted in an exchange loss of £120,198 in the current year.

## 11. Intangible assets

| | Goodwill<br>£ |
|---|---|
| **Cost** | |
| **At 1 April 2016** | – |
| Additions | 2,276,885 |
| **At 31 March 2017** | 2,276,885 |
| **Amortisation and impairment** | |
| At 1 April 2016 | – |
| Charge for the year | – |
| **At 31 March 2017** | - |
| **Carrying amount** | |
| **At 31 March 2017** | 2,276,885 |
| At 31 March 2016 | – |

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

The goodwill has been generated following the acquisition of the trading assets of Rowe Industries in June 2016, further detail is provided at note 27. Management are of the view that no indicators of impairment where noted as at the 31 March 2017 and this will be re-assessed annually going forward.

## SEAL IT SERVICES LIMITED

### Notes to the financial statements

### Year ended 31 March 2017

**12. Property, Plant and Equipment**

**Group**

| | Land & Buildings | Plant & Machinery | Fixtures & Fittings | Motor Vehicles | Equipment | Total |
|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ |
| **Cost** | | | | | | |
| At 1 Apr 2016 | 1,470,303 | 2,602,593 | 307,985 | 137,882 | 154,727 | 4,673,490 |
| Additions | 75,575 | 856,829 | 16,249 | 15,900 | 23,248 | 987,801 |
| Disposals | - | - | - | (30,600) | - | (30,600) |
| **At 31 Mar 2017** | 1,545,878 | 3,459,422 | 324,234 | 123,182 | 177,975 | 5,630,691 |
| **Depreciation** | | | | | | |
| At 1 Apr 2016 | 101,595 | 1,234,311 | 93,192 | 78,951 | 106,319 | 1,614,368 |
| Charge for the year | 64,600 | 437,136 | 36,940 | 14,790 | 27,058 | 580,524 |
| Charge on disposals | - | - | - | (18,105) | - | (18,105) |
| **At 31 Mar 2017** | 166,195 | 1,671,447 | 130,132 | 75,636 | 133,377 | 2,176,787 |
| **Net book value** | | | | | | |
| **At 31 Mar 2017** | 1,379,683 | 1,787,975 | 194,102 | 47,546 | 44,598 | 3,453,904 |
| At 31 Mar 2016 | 1,368,708 | 1,368,282 | 214,793 | 58,931 | 48,408 | 3,059,122 |

| | Land & Buildings | Plant & Machinery | Fixtures & Fittings | Motor Vehicles | Equipment | Total |
|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ |
| **Cost** | | | | | | |
| 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) | – | – | – |
| **At 31 Mar 2016** | 1,470,303 | 2,602,593 | 307,985 | 137,882 | 154,727 | 4,673,490 |
| **Depreciation** | | | | | | |
| 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 |
| **At 31 Mar 2016** | 101,595 | 1,234,311 | 93,192 | 78,951 | 106,319 | 1,614,368 |
| **Net book value** | | | | | | |
| **At 31 Mar 2016** | 1,368,708 | 1,368,282 | 214,793 | 58,931 | 48,408 | 3,059,122 |
| At 31 Mar 2015 | 1,313,137 | 847,027 | 115,637 | 52,344 | 28,140 | 2,356,285 |

## SEAL IT SERVICES LIMITED

### Notes to the financial statements

### Year ended 31 March 2017

**12. Property, Plant and Equipment** *(continued)*

**Finance lease commitments**
Included within the net book value of £3,453,904 is £1,102,305 (2016: £756,336) 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 £189,775 (2016: £102,931).

**Capital commitments**

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Contracted but not provided for in the financial statements | 319,885 | 114,300 |

**Company**

| | Land & Buildings | Plant & Machinery | Fixtures & Fittings | Motor Vehicles | Equipment | Total |
|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ |
| **Cost** | | | | | | |
| At 1 Apr 2016 | 1,470,303 | 2,602,593 | 307,985 | 137,882 | 154,727 | 4,673,490 |
| Additions | - | 554,636 | 16,249 | 15,900 | 13,118 | 599,903 |
| Disposals | - | - | - | (30,600) | - | (30,600) |
| **At 31 Mar 2017** | 1,470,303 | 3,157,229 | 324,234 | 123,182 | 167,845 | 5,242,793 |
| **Depreciation** | | | | | | |
| At 1 Apr 2016 | 101,595 | 1,234,311 | 93,192 | 78,951 | 106,319 | 1,614,368 |
| Charge for period | 63,340 | 413,035 | 36,940 | 14,790 | 24,912 | 553,017 |
| Charge on disposals | - | - | - | (18,105) | - | (18,105) |
| **At 31 Mar 2017** | 164,935 | 1,647,346 | 130,132 | 75,636 | 131,231 | 2,149,280 |
| **Net book value** | | | | | | |
| **At 31 Mar 2017** | 1,305,368 | 1,509,883 | 194,102 | 47,546 | 36,614 | 3,093,513 |
| At 31 Mar 2016 | 1,368,708 | 1,368,282 | 214,793 | 58,931 | 48,408 | 3,059,122 |

# SEAL IT SERVICES LIMITED

## Notes to the financial statements

## Year ended 31 March 2017

### 12. Property, Plant and Equipment *(continued)*

| | Land & Buildings | Plant & Machinery | Fixtures & Fittings | Motor Vehicles | Equipment | Total |
|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ |
| **Cost** | | | | | | |
| 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) | – | – | – |
| **At 31 Mar 2016** | 1,470,303 | 2,602,593 | 307,985 | 137,882 | 154,727 | 4,673,490 |
| **Depreciation** | | | | | | |
| 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 |
| **At 31 Mar 2016** | 101,595 | 1,234,311 | 93,192 | 78,951 | 106,319 | 1,614,368 |
| **Net book value** | | | | | | |
| **At 31 Mar 2016** | 1,368,708 | 1,368,282 | 214,793 | 58,931 | 48,408 | 3,059,122 |
| At 31 Mar 2015 | 1,313,137 | 847,027 | 115,637 | 52,344 | 28,140 | 2,356,285 |

**Finance lease commitments**

Included within the net book value of £3,093,513 is £1,102,305 (2016: £756,336) 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 £189,775 (2016: £102,931).

**Capital commitments**

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Contracted but not provided for in the financial statements | - | 114,300 |

## 13. Investments

| Company | Group companies £ |
|---|---|
| **Cost** | |
| At 1 April 2016 | **100** |
| Additions | **542,340** |
| Disposal | **(100)** |
| **Net book value** | |
| **At 31 March 2017** | **542,340** |
| At 31 March 2016 | 100 |

The sole subsidiary of Seal It Services Ltd, which has been included in these consolidated financial statements, is as follows:

| | Country of incorporation | Proportion of voting rights and shares held | Nature of business |
|---|---|---|---|
| Seal It Inc | USA | 100% | Manufacturing |

The registered office of Seal It Inc is: 3301 Industrial Drive, Sanford, NC 27332.

## 14. Inventories

**Group**

| | 2017 £ | 2016 £ |
|---|---|---|
| Raw materials | **534,783** | 466,528 |
| Work in progress | **36,315** | 29,641 |
| Finished goods | **1,200,798** | 1,122,524 |
| | **1,771,896** | 1,618,693 |

The cost of inventories recognised as expenses and included in cost of sales amounted to £10,815,761 (2016: £9,559,065).

**Company**

| | 2017 £ | 2016 £ |
|---|---|---|
| Raw materials | **474,563** | 466,528 |
| Work in progress | **36,315** | 29,641 |
| Finished goods | **1,191,129** | 1,122,524 |
| | **1,702,007** | 1,618,693 |

## 15. Trade and other receivables

**Group**

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Trade receivables | **3,311,545** | 3,138,085 |
| Less: provision for impairment of trade receivables | **(25,305)** | (34,364) |
| Trade receivables – net | **3,286,240** | 3,103,721 |
| Receivables from related parties | - | 61,784 |
| **Total financial assets other than cash and cash equivalents classified as loans and receivables** | **3,286,240** | 3,165,505 |
| Other receivables | **206,097** | 139,851 |
| Prepayments and accrued income | **50,440** | 61,012 |
| **Total trade and other receivables** | **3,542,777** | 3,366,368 |

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:

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Sterling | **3,267,564** | 3,366,368 |
| US Dollars | **275,213** | – |
| | **3,542,777** | 3,366,368 |

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

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| At 1 April 2016 | **34,364** | 25,459 |
| (Decrease)/Increase in provision for receivables impairment | **(4,453)** | 21,415 |
| Receivables written off during the year as uncollectible | **(4,606)** | (12,510) |
| At 31 March 2017 | **25,305** | 34,364 |

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.

## 15. Trade and other receivables *(Continued)*

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 2017, trade receivables of £43,199 (2016: £41,628) 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:

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Up to 3 months | - | – |
| 3 to 6 months | 43,199 | 41,628 |
| Over 6 months | - | – |
| At 31 March | 43,199 | 41,628 |

At 31 March 2017, trade receivables of £25,305 (2016: £34,364) were impaired. The ageing analysis of these trade receivables is as follows:

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Up to 3 months | 1,928 | 8,439 |
| 3 to 6 months | 243 | 13,300 |
| Over 6 months | 23,134 | 12,625 |
| At 31 March | 25,305 | 34,364 |

**Company**

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Trade receivables | 3,051,398 | 3,138,085 |
| Less: provision for impairment of trade receivables | (20,507) | (34,364) |
| Trade receivables – net | 3,030,891 | 3,103,721 |
| Receivables from group companies | 2,604,333 | 61,784 |
| **Total financial assets other than cash and cash equivalents classified as loans and receivables** | 5,635,224 | 3,165,505 |
| Other receivables | 194,760 | 139,851 |
| Prepayments and accrued income | 41,913 | 61,012 |
| **Total trade and other receivables** | 5,871,897 | 3,366,368 |

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 amounts receivable from group companies are due for repayment within five years.

## 15. Trade and other receivables *(Continued)*

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

| | **2017** | 2016 |
|---|---|---|
| | **£** | £ |
| Sterling | **3,267,564** | 3,366,368 |
| US Dollars | **2,604,333** | – |
| | **5,871,897** | 3,366,368 |

Movements on the company's provision for impairment of trade receivables are as follows:

| | **2017** | 2016 |
|---|---|---|
| | **£** | £ |
| At 1 April 2016 | **34,364** | 25,459 |
| (Decrease)/Increase in provision for receivables impairment | **(9,251)** | 21,415 |
| Receivables written off during the year as uncollectible | **(4,606)** | (12,510) |
| At 31 March 2017 | **20,507** | 34,364 |

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 company does not hold any collateral as security.

At 31 March 2017, trade receivables of £27,026 (2016: £41,628) 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:

| | **2017** | 2016 |
|---|---|---|
| | **£** | £ |
| Up to 3 months | **-** | – |
| 3 to 6 months | **27,026** | 41,628 |
| Over 6 months | **-** | – |
| At 31 March | **27,026** | 41,628 |

## 15. Trade and other receivables *(Continued)*

At 31 March 2017, trade receivables of £20,507 (2016: £34,364) were impaired. The ageing analysis of these trade receivables is as follows:

| | **2017** | 2016 |
|---|---|---|
| | **£** | £ |
| Up to 3 months | **1,928** | 8,439 |
| 3 to 6 months | **243** | 13,300 |
| Over 6 months | **18,336** | 12,625 |
| At 31 March | **20,507** | 34,364 |

## 16. Cash and cash equivalents

### Group

| | **2017** | 2016 |
|---|---|---|
| | **£** | £ |
| Cash and cash equivalents | **187,986** | 187,901 |

For the purposes of the cash flow statement, cash and cash equivalents includes, cash in hand and at bank of £187,986 offset against a bank overdraft of £182,277 and short term commercial finance of £1,863,953. Cash and cash equivalents are denominated in either £ Sterling or $ USD. Included within cash and cash equivalents is £1,834,989 denominated in £ Sterling and £23,255 denominated in $ USD.

### Company

| | **2017** | 2016 |
|---|---|---|
| | **£** | £ |
| Cash at hand and in bank | **164,731** | 187,901 |

All cash and cash equivalents are denominated in £ Sterling.

## 17. Loans and borrowings

### Group

| | **2017** | 2016 |
|---|---|---|
| | **£** | £ |
| **Non-current** | | |
| Bank borrowings | **2,043,158** | 641,667 |
| Loans from Group undertakings | **1,128,508** | 570,958 |
| Finance leases | **290,790** | 304,982 |
| Total non-current loans and borrowings | **3,462,456** | 1,517,607 |

## 17. Loans and borrowings *(continued)*

| | | |
|---|---|---|
| **Current** | | |
| Bank overdraft | **182,277** | - |
| Bank borrowings | **2,340,286** | 1,544,307 |
| Finance leases | **318,484** | 243,149 |
| Total current loans and borrowings | **2,841,047** | 1,787,456 |
| Total loans and borrowings | **6,303,503** | 3,305,063 |

£1,877,824 of the loans and borrowings are denominated in $ USD with all other amounts 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. Finance leases are secured against the assets which they were used to acquire. The interest rate profile of interest bearing borrowings is as follows:

| | **2017** | | 2016 | |
|---|---|---|---|---|
| | **Debt £** | **Interest %** | Debt £ | Interest % |
| **Non-current** | | | | |
| Bank borrowings | **2,043,158** | 2.3% | 641,667 | 2.5% |
| Loans from Group undertakings | **1,128,508** | 3.0% | 570,958 | 3.0% |
| Finance leases | **290,790** | 10.0% | 304,982 | 8.6% |
| | **3,462,456** | | 1,517,607 | |
| **Current** | | | | |
| Bank overdraft | **182,277** | - | - | - |
| Bank borrowings | **2,340,286** | 3.0% | 1,544,307 | 2.5% |
| Finance leases | **318,484** | 10.0% | 243,149 | 8.6% |
| | **2,841,047** | | 1,787,456 | |

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

| | **2017** | | 2016 | |
|---|---|---|---|---|
| | **Debt £** | **Fair values £** | Debt £ | Fair values £ |
| **Non-current** | | | | |
| Bank borrowings | **2,043,158** | **1,919,671** | 641,667 | 526,562 |
| Loans from Group undertakings | **1,128,508** | **1,032,745** | 570,958 | 507,289 |
| Finance leases | **290,790** | **218,475** | 304,982 | 273,209 |
| | **3,462,456** | **3,170,891** | 1,517,607 | 1,307,060 |
| **Current** | | | | |
| Bank overdraft | **182,277** | **182,277** | - | - |
| Bank borrowings | **2,340,286** | **2,340,286** | 1,544,307 | 1,544,307 |
| Finance leases | **318,484** | **318,484** | 243,149 | 243,149 |
| | **2,841,047** | **2,841,047** | 1,787,456 | 1,787,456 |

# SEAL IT SERVICES LIMITED

## Notes to the financial statements

## Year ended 31 March 2017

### 17. Loans and borrowings *(continued)*

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:

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Less than one year | 2,841,047 | 1,787,456 |
| Between one and five years | 3,462,456 | 1,081,272 |
| Over five years | - | 436,335 |
| Total loans and borrowings | 6,303,503 | 3,305,063 |

**Company**

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| **Non-current** | | |
| Bank borrowings | 2,043,158 | 641,667 |
| Loans from Group undertakings | 1,128,508 | 606,881 |
| Finance leases | 290,790 | 304,982 |
| Total non-current loans and borrowings | 3,462,456 | 1,553,530 |
| **Current** | | |
| Bank overdraft | 182,277 | - |
| Bank borrowings | 2,340,286 | 1,544,307 |
| Finance leases | 318,484 | 243,149 |
| Total current loans and borrowings | 2,841,047 | 1,787,456 |
| Total loans and borrowings | 6,303,503 | 3,340,986 |

£1,877,824 of the loans and borrowings are denominated in $ USD with all other amounts 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. Finance leases are secured against the assets which they were used to acquire. The interest rate profile of interest bearing borrowings is as follows:

| | 2017 | | 2016 | |
|---|---|---|---|---|
| | Debt £ | Interest % | Debt £ | Interest % |
| **Non-current** | | | | |
| Bank borrowings | 2,043,158 | 2.3% | 641,667 | 2.5% |
| Loans from Group undertakings | 1,128,508 | 3.0% | 606,881 | 3.0% |
| Finance leases | 290,790 | 10.0% | 304,982 | 8.6% |
| | 3,462,456 | | 1,553,530 | |

## 17. Loans and borrowings *(continued)*

| | 2017 | | 2016 | |
|---|---|---|---|---|
| **Current** | | | | |
| Bank overdraft | **182,277** | - | - | - |
| Bank borrowings | **2,340,286** | 3.0% | 1,544,307 | 2.5% |
| Finance leases | **318,484** | 10.0% | 243,149 | 8.6% |
| | **2,841,047** | | 1,787,456 | |

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

| | 2017 | | 2016 | |
|---|---|---|---|---|
| | **Debt £** | **Fair values £** | Debt £ | Fair values £ |
| **Non-current** | | | | |
| Bank borrowings | **2,043,158** | **1,919,671** | 641,667 | 526,562 |
| Loans from Group undertakings | **1,128,508** | **1,032,745** | 606,881 | 539,206 |
| Finance leases | **290,790** | **218,475** | 304,982 | 273,209 |
| | **3,462,456** | **3,170,891** | 1,553,530 | 1,338,977 |
| **Current** | | | | |
| Bank overdraft | **182,277** | **182,277** | - | - |
| Bank borrowings | **2,340,286** | **2,340,286** | 1,544,307 | 1,544,307 |
| Finance leases | **318,484** | **318,484** | 243,149 | 243,149 |
| | **2,841,047** | **2,841,047** | 1,787,456 | 1,787,456 |

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:

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Less than one year | **2,841,047** | 1,787,456 |
| Between one and five years | **3,462,456** | 1,117,195 |
| Over five years | - | 436,335 |
| Total loans and borrowings | **6,303,503** | 3,340,986 |

## 18. Trade and other payables

### Group

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Trade payables | **1,225,606** | 899,109 |
| Other payables | **3,449** | 20,399 |
| Accruals | **352,145** | 482,192 |
| Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost | **1,581,200** | 1,401,700 |
| Corporation tax | **82,617** | 50,041 |
| Other taxation and social security | **325,313** | 368,397 |
| **Total trade and other payables** | **1,989,130** | 1,820,138 |

### Company

| | 2017 | 2016 |
|---|---|---|
| **Current** | £ | £ |
| Trade payables | **1,088,910** | 899,109 |
| Other payables | **3,449** | 20,399 |
| Accruals | **349,858** | 482,192 |
| **Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost** | **1,442,217** | 1,401,700 |
| Corporation tax | **82,617** | 50,041 |
| Other taxation and social security | **319,083** | 368,397 |
| **Total trade and other payables** | **1,843,917** | 1,820,138 |

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

## 19. Deferred taxation

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

| | Group and Company | |
|---|---|---|
| | **2017** | 2016 |
| | **£** | £ |
| Provision brought forward | **202,935** | 155,659 |
| (Decrease) / Increase in provision | **(36,989)** | 47,276 |
| Provision carried forward | **165,946** | 202,935 |

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

| **Group and Company** | **2017** | | 2016 | |
|---|---|---|---|---|
| | **Provided** | **Unprovided** | Provided | Unprovided |
| | **£** | **£** | £ | £ |
| Excess of taxation allowances over depreciation on fixed assets | **165,946** | - | 202,935 | – |

## 20. Share capital

**Group and Company**

**Allotted, called up and fully paid:**

| | **2017** | | 2016 | |
|---|---|---|---|---|
| | **No** | **£** | No | £ |
| X Ordinary shares of £1 each | **80** | **80** | 80 | 80 |
| Y Ordinary shares of £1 each | **20** | **20** | 20 | 20 |
| | **100** | **100** | 100 | 100 |

The nominal value of each share is £1 and each class of ordinary shares carries equal rights and rank pari passu with each other.

# SEAL IT SERVICES LIMITED

## Notes to the financial statements

## Year ended 31 March 2017

### 21. Reserves

The following describes the narrative and purpose of each reserve within equity:

*Foreign Exchange Reserve*
Gains and losses arising on retranslating the net assets of overseas operations into Pounds Sterling.
*Retained Earnings*
All other net gains and losses not recognised elsewhere.

| Group | Foreign Exchange Reserve | Retained earnings |
|---|---|---|
| | £ | £ |
| Balance at 1 April 2016 | - | 2,903,848 |
| Loss for the year | - | (16,808) |
| Foreign exchange reserve | (112,271) | - |
| | (112,271) | (16,808) |
| Balance at 31 March 2017 | (112,271) | 2,887,040 |

| | Foreign Exchange Reserve | Retained earnings |
|---|---|---|
| | £ | £ |
| Balance at 1 April 2015 | - | 2,285,088 |
| Profit for the year | - | 618,760 |
| | - | 618,760 |
| Balance at 31 March 2016 | - | 2,903,848 |

| Company | Retained earnings |
|---|---|
| | £ |
| Balance at 1April 2016 | 2,868,025 |
| Profit for the year | 192,997 |
| Balance at 31 March 2017 | 3,061,022 |

| | Retained earnings |
|---|---|
| | £ |
| Balance at 1April 2015 | 2,253,925 |
| Profit for the year | 614,100 |
| Balance at 31 March 2016 | 2,868,025 |

## 22. Financial Instruments – Risk Management

### Financial risk management

The group's activities expose it to a variety of financial risks that include the effects of changes in market prices (including foreign exchange and interest rate risk), credit risk and liquidity risk.

Risk management is carried out by the board of directors. The company 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 debt finance and the related finance costs.

### 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 2017 the provision for impairment of trade and other receivables totalled £25,305. At 31 March 2017, trade and other receivables totalling £43,199 were considered past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

### 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 17. Where possible the Group seeks to fix the interest rates that it pays to mitigate the risk of interest rate fluctuations.

### 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 as follows:

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 2017 | £ | £ | £ | £ |
| Loans and borrowings | **2,841,047** | **590,334** | **2,872,122** | - |
| Trade and other payables (excluding non-financial liabilities) | **1,581,200** | - | - | - |
| | **4,422,247** | **590,334** | **2,872,122** | - |

## 22. Financial Instruments – Risk Management *(continued)*

| At 31 March 2016 | Less than 1 year £ | Between 1 and 3 years £ | Between 3 and 5 years £ | Over 5 years £ |
|---|---|---|---|---|
| Loans and borrowings | 1,787,456 | 407,648 | 673,624 | 436,335 |
| Trade and other payables (excluding non-financial liabilities) | 1,401,700 | – | – | – |
| | 3,189,156 | 407,648 | 673,624 | 436,335 |

**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.

## 23. Financial Instruments

(a) **By category**

| | 2017 | | 2016 | |
|---|---|---|---|---|
| | **Loans and receivables** | **Total** | Loans and receivables | Total |
| | **£** | **£** | £ | £ |
| **Financial assets** | | | | |
| Cash and cash equivalents | **187,986** | **187,986** | 187,901 | 187,901 |
| Trade and other receivables | **3,286,240** | **3,286,240** | 3,165,505 | 3,165,505 |
| | **3,474,226** | **3,474,226** | 3,353,406 | 3,353,406 |

| | 2017 | | 2016 | |
|---|---|---|---|---|
| | **Financial liabilities at amortised cost** | **Financial liabilities at fair value** | Financial liabilities at amortised cost | Financial liabilities at fair value |
| | **£** | **£** | £ | £ |
| **Financial liabilities** | | | | |
| Trade and other payables (excluding non-financial liabilities) | **1,581,200** | - | 1,401,700 | - |
| Loans from Group undertakings | **1,128,508** | - | 570,958 | - |
| Bank borrowings | **4,565,721** | - | 2,185,974 | - |
| Finance leases | **609,274** | - | 548,131 | - |
| | **7,884,703** | - | 4,706,763 | - |

# SEAL IT SERVICES LIMITED

## Notes to the financial statements

## Year ended 31 March 2017

### 23. Financial Instruments *(continued)*

| (b) Analysis of Fair values | 2017 | | 2016 | |
|---|---|---|---|---|
| | **Loans and receivables** | **Fair values** | Loans and receivables | Fair values |
| | **£** | **£** | £ | £ |
| **Financial assets** | | | | |
| Cash and cash equivalents | **187,986** | **187,986** | 187,901 | 187,901 |
| Trade and other receivables | **3,286,240** | **3,286,240** | 3,165,505 | 3,165,505 |
| | **3,474,226** | **3,474,226** | 3,353,406 | 3,353,406 |

| | 2017 | | 2016 | |
|---|---|---|---|---|
| | **Financial liabilities at amortised cost** | **Fair values** | Financial liabilities at amortised cost | Fair values |
| | **£** | **£** | £ | £ |
| **Financial liabilities** | | | | |
| Trade and other payables (excluding non-financial liabilities) | **1,581,200** | **1,581,200** | 1,401,700 | 1,401,700 |
| Loans from Group undertakings | **1,128,508** | **1,032,745** | 570,958 | 507,289 |
| Bank borrowings | **4,565,721** | **4,442,234** | 2,185,974 | 2,070,869 |
| Finance leases | **609,274** | **536,959** | 548,131 | 516,358 |
| | **7,884,703** | **7,593,138** | 4,706,763 | 4,496,216 |

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 17.

# SEAL IT SERVICES LIMITED

## Notes to the financial statements

## Year ended 31 March 2017

### 24. Leases

**Group and Company**

**Commitments under finance lease agreements**

Future commitments under finance lease agreements are as follows:

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Amounts payable within 1 year | 345,633 | 264,525 |
| Amounts payable between 1 and 2 years | 238,009 | 219,318 |
| Amounts payable between 2 and 5 years | 75,933 | 111,694 |
| | 659,575 | 595,537 |
| Less interest and finance charges relating to future periods | (50,301) | (47,406) |
| **Present value of finance lease liabilities** | 609,274 | 548,131 |

The present value of finance lease liabilities is as follows:

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| No later than 1 year | 318,484 | 243,149 |
| Later than 1 year and no later than 5 years | 290,790 | 304,982 |
| | 609,274 | 548,131 |

**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:

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Within 1 year | 75,853 | 113,835 |
| Later than 1 year and less than 5 years | 1,500 | 84,033 |
| Greater than 5 years | - | – |
| | 77,353 | 197,868 |

## 25. Related party transactions

At the year end, Seal It Services Limited owe the following to related parties:

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Astral Poly Technik Limited | 1,128,508 | 570,958 |

The increase in amounts owed to Astral Poly Technik Limited, the parent Company, result from further loans of £571,951 during the financial year offset by a repayment of £20,958. Loans were made on an arm's length basis. The remaining increase relates to accrued interest of £6,557.

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

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.

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

## 26. 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.

## 27. Business combinations during the period

In June 2016 the Group acquired 100% of the trading assets and business of Rowe Industries, a company whose principal activity is producing and selling of sealants, adhesives and building chemicals. The principal reason for this acquisition was to gain access to the US market. The group also expects to use the expertise and know how acquired in the development of new products lines within its UK business.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

| | Book Value | Adjustment | Fair Value |
|---|---|---|---|
| | $ | $ | $ |
| Plant, property & equipment | 119,254 | - | **119,254** |
| Work in progress | 206,920 | - | **206,920** |
| Goodwill | 3,162,819 | - | **3,162,819** |
| **Consideration Paid** | 3,488,993 | - | **3,488,993** |

The consideration paid in USD $ equated to £2,618,577 converted at the spot rate at the date of the acquisition.

## 28. Comparative information

Some comparative figures have been changed for presentational purposes only. The changes made have had no effect on either profit or loss.