

RESINOVA CHEMIE
LIMITED

Financial Statements

For FY 2019 -20

INDEPENDENT AUDITOR'S REPORT

To the Members of Resinova Chemie Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Resinova Chemie Limited ("the Company"), which comprise the Balance sheet as at March 31 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

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 Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. 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.

Emphasis of Matter

We draw attention to Note 2(s) to the Ind AS financial statements which describes that the Company had recognised Goodwill on amalgamation during the financial year ended March 31, 2015, which is being amortised over a period of seven years from the appointed date (that is November 20, 2014), in accordance with the accounting treatment prescribed under the Scheme of amalgamation approved by the Gujarat High Court.

Our opinion is not qualified in respect of this matter.



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Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Ind AS financial statements and our auditor's report thereon.

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

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

Responsibilities of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, 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) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered



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material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



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 of India in terms of sub-section (11) of section 143 of the Act, based on our audit we give in the "Annexure 1" 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 including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
 - (h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 32 to the Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;



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

For **SRBC & COLLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003



per **Anil Jobanputra**

Partner

Membership Number: 110957

UDIN: 20110759AAAABU1367

Place of Signature: Mumbai

Date: May 25, 2020

Annexure 1 referred to in Paragraph 1 of Report on Other Legal and Regulatory Requirements of our report of even date of Resinova Chemie Limited for the year ended March 31, 2020

- (i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment;
(b) The Property, plant and equipment are physically verified by the management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the Property, plant and equipment has been physically verified by the management during the year and no material discrepancies have been noticed on such verification.
(c) According to the information and explanations given by the management, the title deeds of immovable properties held as in property, plant and equipment are in the name of the company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) (a) The Company has granted loans to one Company covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the company's interest.
(b) The Company has granted loans to one Company covered in the register maintained under section 189 of the Companies Act, 2013. The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment are regular.
(c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable and hence not commented upon.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of Adhesives, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.



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- (vii) a) According to the information and explanation given to us and examination of records of the company, undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, duty of custom, goods and service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- c) According to the information and explanations given to us, there are no statutory dues which have not been deposited on account of any dispute except for the following.

Name of the Statute	Nature of the Dues	Amounts (INR Mn)* In	Period to which amounts relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise Duty	0	FY 2016-17 & FY 2017-18	Assistant Commissioner Central Excise.
West Bengal Sales Tax Act	Sales Tax	0	FY 2005-06	Tax Tribunal
West Bengal Sales Tax Act	Sales Tax	1	FY 2006-07	Tax Board
West Bengal Sales Tax Act	Entry Tax	5	FY 2014-15	High Court (West Bengal)
UP Stamp Act	Stamp Duty	0	FY 2007-08	High Court (Allahabad)

* The Amounts shown as "0" are amount below 0.5 Mn INR.

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings from banks. The Company did not have any due payable to the financial institutions, debenture holders and government during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments) and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.



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- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in notes to the Ind AS financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, the company is not required to be registered under section 45IA of Reserve Bank of India Act, 1934.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003



per **Anil Jobanputra**
Partner
Membership Number: 110759
UDN: 20110759AAAABU1367

Place of Signature: Mumbai
Date: May 25, 2020

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Annexure 2 to the Independent Auditor's Report of Even Date on the Ind AS Financial Statements of Resinova Chemie Limited

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 ("the Company") as of March 31, 2020 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. 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 the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Ind AS financial statements 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 as specified under section 143(10) of the Companies Act, 2013, to the extent 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 with reference to these Ind AS financial statements 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 over financial reporting with reference to these Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these Ind AS financial statements, 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 judgement.



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including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Ind AS Financial Statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Ind AS financial statements, 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 with reference to these Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



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Opinion

In our opinion, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting with reference to these Ind AS financial statements and such internal financial controls over financial reporting with reference to these Ind AS financial statements were operating effectively as at March 31, 2020, 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 **S R B C & C O L L P**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003



per **Anil Jobanputra**

Partner

Membership Number: 110759

UDN: 20110759AAAABU1367

Place of Signature: Mumbai

Date: May 25, 2020

RESINOVA CHEMIE LIMITED
BALANCE SHEET AS AT MARCH 31, 2020

(Rs. In Million)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3 (A)	1,459	1,421
(b) Capital work-in-progress		18	32
(c) Goodwill	3 (B)	603	971
(d) Other intangible assets	3 (B)	6	6
(e) Right of Use Assets (ROU)	3 (C)	72	-
(f) Financial assets			
(i) Loans	4	0	2
(ii) Other financial assets	5	14	9
(g) Other non-current assets	6	8	14
Total non-current assets		2,180	2,455
Current assets			
(a) Inventories	7	953	717
(b) Financial assets			
(i) Trade receivables	8	451	745
(ii) Cash and cash equivalents	9	18	283
(iii) Bank balances other than (ii) above	10	561	1
(iv) Loans	4	1	3
(v) Other financial assets	5	3	2
(c) Current tax assets (Net)	11	26	27
(d) Other current assets	6	122	28
Total current assets		2,135	1,806
Total assets		4,315	4,261
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	12	3	3
(b) Other equity	13	3,419	3,377
Total equity		3,422	3,380
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	14	28	236
(ii) Lease liabilities	37	8	-
(b) Provisions	15	15	15
(c) Deferred tax liabilities (Net)	16	50	61
Total non-current liabilities		101	312



Particulars	Notes	As at March 31, 2020	As at March 31, 2019
Current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	37	13	-
(ii) Trade payables	17		
a total outstanding dues of micro enterprises and small enterprises		-	-
b total outstanding dues of creditors other than micro enterprises and small enterprises		433	402
(iii) Other financial liabilities	18	280	63
(b) Other current liabilities	19	52	80
(c) Provisions	15	14	12
(d) Current tax liabilities (Net)	20	-	12
Total current liabilities		792	569
Total liabilities		893	881
Total equity and liabilities		4,315	4,261

See accompanying notes to the financial statements

As per report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No : 324982E/E300003



Per Anil Jobanputra

Partner

Membership No.: 110759

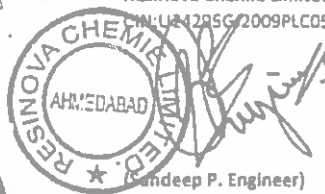
Place : Mumbai

Date : May 25, 2020



For and on behalf of the Board of Directors of
Resinova Chemie Limited

CIN: U24295G/2009PLC058120



(Sandeep P. Engineer)

Chairman & Managing Director

DIN : 00067112

Place : Ahmedabad

Date : May 25, 2020

RESINOVA CHEMIE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in million, except as stated otherwise)

Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Income			
Revenue from operations	21	3,771	4,370
Other income	22	14	44
Total		3,785	4,414
Expenses			
Cost of materials consumed	23	2,443	2,795
Purchase of stock-in-trade	24	5	3
Changes in inventories of finished goods, stock-in-trade and work-in-progress	25	(253)	5
Employee benefits expense	26	425	334
Finance costs	27	28	11
Depreciation and amortisation expense	28	477	447
Other expenses	29	620	602
Total		3,745	4,197
Profit before tax		40	217
Tax expense	30		
a) Current tax		47	48
b) Mat Credit Entitlement		-	(47)
c) Deferred tax		(49)	75
Total Tax expense		(2)	76
Profit for the year		42	141
Other comprehensive income			
Items that will not be reclassified to profit or loss			
- Remeasurements (gain)/loss on defined benefit plans		0	0
Total other comprehensive income		0	0
Total comprehensive income for the year		42	141
Earnings per equity share (Face value of Rs. 10/- each)	31		
- Basic (in Rs.)		142.91	479.34
- Diluted (in Rs.)		142.91	479.34

See accompanying notes to the financial statements

As per report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No.: 324982E/E300003



Per Anil Jobanputra

Partner

Membership No.: 110759

Place : Mumbai

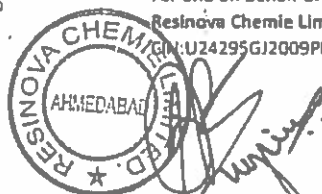
Date : May 25, 2020



For and on behalf of the Board of Directors of

Resinova Chemie Limited

CIN: U24295GJ2009PLC058120



(Sandeep P. Engineer)

Chairman & Managing Director

DIN : 00067112

Place : Ahmedabad

Date : May 25, 2020

RESINOVA CHEMIE LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

A Equity share capital (Note 12)		(Rs. In Million)
Particulars	Amount	
Balance at April 1, 2018	3	
Add: movement during the year	-	
Balance at March 31, 2019	3	
Add: movement during the year	-	
Balance at March 31, 2020	3	

B Other Equity (Note 13)		(Rs. In Million)	
Particulars	Other Equity		Total Other Equity
	Securities Premium	Retained earnings	
Balance at April 1, 2018	3,048	188	3,236
Profit for the year	-	141	141
Other comprehensive income for the year, net of income tax	-	0	0
Total comprehensive income for the year	-	141	141
Balance at March 31, 2019	3,048	329	3,377
Profit for the year	-	42	42
Other comprehensive income for the year, net of income tax	-	0	0
Total comprehensive income for the year	-	42	42
Balance at March 31, 2020	3,048	371	3,419

See accompanying notes to the financial statements

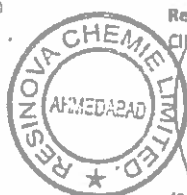
As per report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

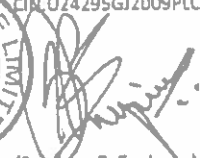


Per Anil Jobanputra
Partner
Membership No.: 110759
Place : Mumbai
Date : May 25, 2020



For and on behalf of the Board of Directors of
Resinova Chemie Limited
CIN: U24295GJ2009PLC058120




(Sandeep P. Engineer)
Chairman & Managing Director
DIN : 00067112
Place : Ahmedabad
Date : May 25, 2020

RESINOVA CHEMIE LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. In Million)

Sr No.	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A.	Cash flow from Operating Activities		
	Profit before tax	40	217
	Adjustments for:		
	Depreciation and amortisation expense	477	447
	Bad Debts occurred	-	0
	Finance Costs	28	11
	Allowance for expected credit loss	11	-
	Loss on Sale of Property, Plant and Equipment (Net)	1	1
	Gain on Sale and purchase of Current Investments(net)	(6)	(2)
	Interest Income	(7)	0
	Unrealised foreign exchange loss/(gain) (Net)	18	(12)
	Operating profit before Working Capital Changes	562	662
	Changes in working capital:		
	Increase/(Decrease) in Trade Payables, financial liabilities other liabilities and provisions	8	(44)
	(Increase)/Decrease in Inventories	(236)	(11)
	(Increase)/Decrease in Trade receivables, financial assets and other assets	191	(92)
	Cash generated from operations	525	515
	Income taxes paid	(20)	(28)
	Net Cash Flow from Operating Activities (A)	505	487
B.	Cash flow from Investing Activities		
	Proceeds from Sale of property, plant and equipment	2	2
	Payment for property, plant and equipment and intangible assets(including capital advances and capital creditors)	(164)	(220)
	Gain on Sale and purchase of Current Investments(net)	6	2
	Interest received	6	0
	Increase/(Decrease) in other balances with banks	(560)	0
	Net Cash Flow used in Investing Activities (B)	(710)	(216)
C.	Cash Flow from Financing Activities		
	Repayment of Long term Borrowings	(16)	(16)
	Finance Cost	(27)	(11)
	Payment of Lease Liabilities	(17)	-
	Net Cash flow used in Financing Activities (C)	(60)	(27)
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(265)	244
	Cash and cash equivalents at the beginning of the year (Note 9)	283	39
	Effect of exchange differences on restatement of foreign currency cash and cash equivalents	-	0
	Cash and Cash Equivalents at the end of the year (Note 9)	18	283

Note: The above Cash Flow Statement has been prepared as per 'Indirect Method' as set out in Ind AS 7 on Statement of Cash Flow.



Changes in liabilities arising from financing activities

(Rs. in Million)

Particulars	Non-current borrowings*	Current borrowings	Total
Balance as at April 1, 2018	276	-	276
Cash flows	(16)	-	(16)
Foreign exchange adjustments	(8)	-	(8)
Balance as at March 31, 2019	252	-	252
Cash flows	(16)	-	(16)
Foreign exchange adjustments	14	-	14
Balance as at March 31, 2020	250	-	250

* Long term borrowings including current maturities classified in Other Financial liabilities.

See accompanying notes to the financial statements

As per report of even date

For S R B C & CO LLP

Chartered Accountants

(CA) Firm Registration No.: 324982E/E300003



Per Anil Jobanputra

Partner

Membership No.: 110759

Place: Mumbai

Date: May 25, 2020



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For and on behalf of the Board of Directors of

Resinova Chemie Limited

CIN: U74295GJ2009PLC058120



(Sandeep P. Engineer)

Chairman & Managing Director

DIN: 00067112

Place: Ahmedabad

Date: May 25, 2020

RESINOVA CHEMIE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

1. COMPANY OVERVIEW:-

Resinova Chemie Limited (RCL) is engaged in manufacturing of various types of Adhesives and is a Limited Company. The Company is Subsidiary of Astral Poly Technik Limited (APL), a listed Company.

The financial statements were approved for issue by the board of directors on May 25, 2020.

2. SIGNIFICANT ACCOUNTING POLICIES:-

a) Basis of Preparation of Financial Statements

The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter read with Section 133 of the Companies Act, 2013, as amended. All accounting policies are consistently applied except as given below:

The company applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements of the company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

These financial statements are prepared under the accrual basis and historical cost measurement, except for certain financial instruments (refer accounting policy on financial instruments), which are measured at fair values. The financial statements provide comparative information in respect of the previous period. The financial statements are presented in Indian National Currency Rupee (₹) which is the functional currency of the Company, and all values are rounded to the nearest million, except where otherwise indicated. All amounts individually less than ₹ 0.5 million have been reported as "0".

Ind AS 116 Leases:

Ind AS 116 supersedes Ind AS 17 Leases. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.

The Company adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application of 1 April 2019. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 April 2019. The Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).



RESINOVA CHEMIE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Fair Value

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.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liabilities or
- In the absence of a principal market in the most advantageous market for the asset and liabilities.

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 characteristics 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 *Share-based Payment*, leasing transactions that are within the scope of Ind AS 17 *Leases*, 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 *Impairment of assets*.

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.

b) 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 recognised in the period in which the estimates are revised and in any future periods affected.

c) Inventories

Inventories are stated at lower of cost and net realizable value after providing for obsolescence and other losses, where considered necessary. Cost includes cost of purchase and other expenses incurred in bringing the inventories to their present location and condition. Raw materials, Stock in Trade, Stores, Spares and Packing materials are valued on weighted average costs. Work-in-progress and finished goods include appropriate proportion of overheads.

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



RESINOVA CHEMIE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

d) Cash and cash equivalents

Cash and Cash equivalents consists of cash in hand & at bank and all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase.

e) Revenue from contract with customer

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, if any.

Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Trade receivables (Contract balances)

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Interest Income

Interest income from financial assets 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 recorded using the effective interest rate (EIR). 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.

f) Property, plant and equipment

Land is carried at historical cost. Property, Plant and Equipment are stated at actual cost less accumulated depreciation and impairment losses, if any. The actual cost capitalised includes material cost, freight, installation cost, duties and taxes and other incidental expenses incurred during the construction / installation stage.

Properties in the course of construction for production, supply or administration purposes are carried at cost, less any recognised impairment loss, if any. 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 such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

All items of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.



RESINOVA CHEMIE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Depreciation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on Property, Plant and Equipment are charged based on straight line method on an estimated useful life as prescribed in Schedule II to the Companies Act, 2013.

The estimated useful lives and residual values of the property, plant and equipment are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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.

g) Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life 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 derecognised 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 recognised in the statement of profit and loss when the asset is derecognised.

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 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.

h) Leases

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

a. Right-of-use assets

The company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.



RESINOVA CHEMIE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

b. Lease liabilities

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

c. Short-term leases and leases of low-value assets

The company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

i) Foreign Currencies

In preparing the financial statements of the Company, the transactions in currencies other than the entity's functional currency (INR) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the 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 recognised in the statement of profit and loss in the period in which they arise.



RESINOVA CHEMIE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

j) 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 is 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. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to in the statement of profit and loss. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognises 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, gains and losses on curtailments and settlements; and
- 2) Net interest expense or income

The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits:

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

Long-term employee benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the balance sheet date. The Company determines the liability for such accumulated leaves using the Projected Unit Credit Method with actuarial valuations being carried out at each 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.



RESINOVA CHEMIE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

k) Borrowing costs

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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.

Capitalization of borrowing cost is suspended and charged to statement of Profit and loss during the extended period when active development of the qualifying asset is interrupted.

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

l) Earnings per share

A basic earnings per share is computed by dividing the profit/(loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) for the year attributable to equity shareholders 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.

m) Taxation

Current Tax

The tax currently payable is based on taxable profit for the year. Current tax is measured at the amount expected to be paid to the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemption in accordance with the local tax laws. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax

Deferred tax is recognised 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 recognised for all taxable temporary differences. Deferred tax assets are generally recognised 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 recognised 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.



RESINOVA CHEMIE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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.

Deferred tax assets include Minimum Alternate Tax (MAT) credit paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT credit is recognised as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal tax during the specified period. Such asset is reviewed at each Balance sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the company will pay normal tax during the specified period.

Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly to equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly to equity, as the case may be.

n) Provisions, Contingent Liabilities, Contingent Assets and Commitments

Provisions are recognised 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 recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the 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 recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities and Contingent assets are not recognised in the financial statements when an inflow/ outflow of economic benefits/ loss are not probable.

o) Non-derivative Financial Instruments

Financial assets and financial liabilities are recognised 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 measured on initial recognition of 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 recognised immediately in the statement of profit and loss.



RESINOVA CHEMIE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit and loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in statement of profit and loss.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

Equity Instruments

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments recognised by the Company are measured at the proceeds received net off direct issue cost.

Offsetting of financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in financial statements if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

p) 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/options and interest rate swaps.

The use of foreign currency forward contracts / options is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy. The counter party to the Company's foreign currency forward contracts is generally a bank. The Company does not use derivative financial instruments for speculative purposes.

Derivatives are initially recognised 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 recognised in the statement of profit and loss immediately.

Profit or loss arising on cancellation or renewal of a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal occurs.

q) Impairment

Financial assets (other than at fair value)

The Company assesses at each Balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and/or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.



RESINOVA CHEMIE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Non-financial assets

Property, plant and Equipment 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 recognised immediately in the statement 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 recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss.

r) 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.



RESINOVA CHEMIE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

s) 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 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.

t) Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with the Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures as at date of the financial statements and the reported amounts of the revenues and expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates under different assumptions and conditions. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

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

i. Useful lives of property, plant and equipment and Intangible Assets

As described in Note 2(f), the Company reviews the estimated useful lives and residual values of property, plant and equipment and intangible asset at the end of each reporting period. During the current financial year, the management determined that there were no changes to the useful lives and residual values of the property, plant and equipment and intangible assets.

ii. Provisions and Contingent Liabilities

Provisions and Contingent Liabilities are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.



RESINOVA CHEMIE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in Million)

3 PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND RIGHT OF USE ASSETS (ROU)

Sr No	Assets	GROSS CARRYING AMOUNT			ACCUMULATED DEPRECIATION AND AMORTISATION				NET CARRYING AMOUNT	
		As at April 1, 2019	Reclassified on account of Ind AS 116	Additions	Disposals	As at March 31, 2020	For the Year	Disposals	As at March 31, 2020	As at March 31, 2019
A. TANGIBLE ASSETS										
a	Land	280 (278)	(53)	12 (2)	-	239 (280)	-	-	239 (280)	280 (278)
b	Buildings	323 (246)	-	48 (77)	-	371 (323)	30 (18)	13 (12)	43 (30)	293 (227)
c	Plant and Equipments	897 (758)	-	85 (140)	1 (1)	981 (897)	124 (70)	62 (54)	186 (124)	773 (688)
d	Furniture and Fixtures	75 (52)	-	27 (25)	3 (2)	99 (75)	17 (11)	9 (6)	25 (17)	58 (40)
e	Vehicles	8 (8)	-	-	-	8 (8)	2 (2)	1 (1)	3 (2)	6 (6)
f	Computers and Office	21 (15)	-	12 (7)	1 (1)	32 (21)	10 (7)	5 (4)	14 (10)	11 (8)
Total		1,604 (1,357)	(53)	184 (253)	5 (6)	1,730 (1,604)	183 (108)	90 (77)	271 (183)	1,421 -
B. INTANGIBLE ASSETS										
a	Goodwill	2,442 (2,442)	-	-	-	2,442 (2,442)	1,471 (1,103)	368 (368)	1,839 (1,471)	971 (1,339)
b	Computer software	10 (10)	-	2	-	12 (10)	4 (2)	2 (2)	6 (4)	6 (8)
Total		2,452 (2,452)	-	2	-	2,454 (2,452)	1,475 (1,105)	370 (370)	1,845 (1,475)	977 -
C. RIGHT OF USE ASSETS (ROU)										
a	Leasehold land	-	53	-	-	53	-	1	1	52
b	Buildings	-	-	36	-	36	-	16	16	20
Total		-	53	36	-	89	-	17	17	72



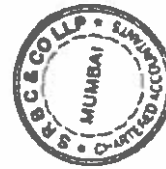
RESINOVA CHEMIE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Notes :

- a Building on lease hold property is depreciated over the remaining lease hold period.
- b Figures in the brackets are of Previous Year.
- c Additions to property, plant and equipment during the year includes Rs. 2 Million (As at March 31, 2019 : Rs. 31 Million) used for research and development.

Sr No	Assets	GROSS CARRYING AMOUNT				ACCUMULATED DEPRECIATION AND AMORTISATION				NET CARRYING AMOUNT		(Rs. In Million)
		As at April 1, 2019	Additions	Disposals	As at March 31, 2020	As at April 1, 2019	For the Year	Disposals	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019	
a	Buildings	19	-	-	19	1	1	-	2	17	18	
		-	(19)	-	(19)	-	(1)	-	(1)	(18)	-	
b	Plant and Equipments	7	2	-	9	1	1	-	2	7	6	
		-	(7)	-	(7)	-	(1)	-	(1)	(6)	-	
c	Furniture and Fixtures	4	-	-	4	-	-	-	-	4	4	
		-	(4)	-	(4)	-	-	-	-	(4)	-	
d	Computers and Office Equipme	1	-	-	1	-	-	-	-	1	1	
		-	(1)	-	(1)	-	-	-	-	(1)	-	
	Total	31	2	-	33	2	2	-	4	29	29	
		-	(31)	-	(31)	-	(2)	-	(2)	(29)	-	

Figures in the brackets are of Previous Year.



RESINOVA CHEMIE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

4 LOANS

(Rs. In Million)		
Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
(Unsecured, considered good)		
Loans and Advances to Employees	0	2
Total	0	2
Current		
(Unsecured, considered good)		
Loans and Advances to Employees	1	3
Total	1	3

Note Refer note 36 for detailed disclosure on the fair values.

5 OTHER FINANCIAL ASSETS

(Rs. In Million)		
Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
(Unsecured, considered good)		
Security Deposits	14	9
Total	14	9
Current		
(Unsecured, considered good)		
Security Deposits	1	1
Interest Accrued on loans and deposits	1	0
Other Receivable	1	1
Total	3	2

Note Refer note 36 for detailed disclosure on the fair values.

6 OTHER ASSETS

(Rs. In Million)		
Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Prepaid Expenses	0	3
Capital Advances	8	11
Total	8	14
Current		
Prepaid Expenses	15	13
Balances with Government authorities	85	8
Advances to Suppliers	22	7
Total	122	28

7 INVENTORIES (at lower of cost and net realisable value)

(Rs. In Million)		
Particulars	As at March 31, 2020	As at March 31, 2019
Raw Materials	322	325
Work-in-Progress	64	71
Finished Goods	477	217
Packing Materials	72	86
Stores & Spares	18	18
Total	953	717



RESINOVA CHEMIE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

8 TRADE RECEIVABLES

(Rs. in Million)		
Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Unsecured, considered good	451	745
Unsecured, credit impaired	18	8
Less : Allowance for expected credit loss	(18)	(8)
Total	451	745

Note Refer Note 36 for information about credit risk and market risk of Trade receivables.

Break-up for trade receivables:

(Rs. in Million)		
Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables from other than related parties	451	745
Receivables from related parties	0	-
Total	451	745

Notes :

- The credit period ranges from 30 days to 180 days.
- Before accepting any new customer, the Company assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed annually.
- In determining the allowances for credit impaired trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.
- Movement in Expected Credit Loss Allowance**

(Rs. in Million)		
Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	8	8
Less : Utilisation out of earlier year	1	-
Add : Provision during the year	11	-
Balance at the end of the year	18	8

9 CASH AND CASH EQUIVALENTS

(Rs. in Million)		
Particulars	As at March 31, 2020	As at March 31, 2019
Cash on Hand	2	1
Balance With Banks in current accounts	16	282
Total	18	283

10 OTHER BALANCES WITH BANKS

(Rs. in Million)		
Particulars	As at March 31, 2020	As at March 31, 2019
In Deposit Accounts	561	1
Total	561	1

11 CURRENT TAX ASSETS

(Rs. in Million)		
Particulars	As at March 31, 2020	As at March 31, 2019
Taxes Receivable	26	27
Total	26	27



RESINOVA CHEMIE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

12 EQUITY SHARE CAPITAL

Particulars	(Rs. In Million)	
	As at March 31, 2020	As at March 31, 2019
Authorised Share Capital 5,750,000 (as at March 31, 2019 : 5,750,000) Equity Shares of Rs.10/- each	58	58
Issued, Subscribed & Fully Paid Share Capital 293,895 (as at March 31, 2019 : 293,895) Equity Shares of Rs. 10/- each fully paid up	3	3
Total	3	3

- a) **Rights, preferences and restrictions attached to shares :**
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 and are entitled to dividend as and when declared. All shares rank equally with regard to the Company's residual assets after distribution of all preferential amounts.
- b) **Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting period :**

Particulars	No. of Shares	Rs. In Million
Balance as at April 1, 2018	293,895	3
Add: Shares Issued	-	-
Balance as at March 31, 2019	293,895	3
Add: Shares Issued	-	-
Balance as at March 31, 2020	293,895	3

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

Name of Shareholders	As at March 31, 2020	As at March 31, 2019
Astral Poly Technik Limited (Holding Company)		
No. of Shares	286,395	286,395
% of Shares Held	97.45	97.45

13 OTHER EQUITY

Particulars	(Rs. In Million)	
	As at March 31, 2020	As at March 31, 2019
Securities Premium		
Balance at the beginning of the year	3,048	3,048
Balance at the end of the year	3,048	3,048
Retained earnings		
Balance at the beginning of the year	329	188
Add: Profit for the Year	42	141
Add: Other comprehensive income arising from remeasurement of defined benefit obligation	0	0
Balance at the end of the year	371	329
Total	3,419	3,377

Notes

- a) **Nature and purpose of Reserve**

Securities premium

The amount received in excess of face value of the equity shares is recognised in Securities Premium. This reserve is available for utilisation in accordance with the provisions of the Companies Act, 2013.

Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.



RESINOVA CHEMIE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

14 BORROWINGS

(Rs. in Million)		
Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Secured - at amortised cost		
Term Loans From Banks	44	60
Less: Current maturity of long term loans (Note 18)	16	16
	28	44
Unsecured - at amortised cost		
Buyers Credit	206	192
Less: Current maturity of long term buyers credit (Note 18)	206	-
	-	192
Total	28	236

Notes:

- a) Refer Note 36 for information about liquidity risk.
- b) Amount stated in Current maturity is disclosed under the head of "Other Financial Liabilities (Current)" (Note No. 18)
- c) 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. Rate of Interest for Rupee Term Loan ranges from 8 to 11% .
 - 1 Kotak Bank Term Loan of Rs.44 Million (as at March 31, 2019 : Rs. 60 Million) repayable within 45 Months (i.e. by December 2022) including initial moratorium period of twelve months from the date of first disbursement in twenty quarterly equal instalments.
- d) Buyers Credit - Rate of Interest for Buyer's Credit ranges from 0 to 1%.
 - 1 HSBC Bank Buyers Credit of Rs. 206 Million (as at March 31, 2019: Rs. 192 Million) Repayable by December 2020.

15 PROVISIONS

(Rs. in Million)		
Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Provision for Employee Benefits	15	15
Total	15	15
Current		
Provision for Employee Benefits	14	12
Total	14	12

16 DEFERRED TAX LIABILITIES (NET)

(Rs. in Million)		
Particulars	As at March 31, 2020	As at March 31, 2019
Deferred Tax Liabilities	159	221
Deferred Tax Assets	(109)	(160)
Total	50	61

Deferred tax liabilities/(assets) in relation to :

(Rs. in Million)				
Particulars	As at April 1, 2018	Recognised in profit and Loss	MAT Credit Utilisation	As at March 31, 2019
Property, plant and equipment	224	(3)	-	221
Unabsorbed Depreciation	(99)	99	-	(0)
Unabsorbed Scientific Research	-	(17)	-	(17)
Provision for doubtful trade receivables	(3)	-	-	(3)
Compensated absences	(10)	(4)	-	(14)
MAT credit Entitlement	(79)	(47)	-	(126)
Total	33	28	-	61



RESINOVA CHEMIE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. In Million)				
Particulars	As at April 1, 2019	Recognised in profit and Loss	MAT Credit Utilisation	As at March 31, 2020
Property, plant and equipment	221	(62)	-	159
Unabsorbed Depreciation	(0)	0	-	-
Unabsorbed Scientific Research	(17)	17	-	-
Provision for doubtful trade receivables	(3)	(3)	-	(6)
Compensated absences	(14)	(1)	-	(15)
MAT credit Entitlement	(126)	-	38	(88)
Total	61	(49)	38	50

17 TRADE PAYABLES

(Rs. In Million)		
Particulars	As at March 31, 2020	As at March 31, 2019
a Total outstanding dues of micro enterprises and small enterprises	-	-
Total	-	-
b Total outstanding dues of creditors other than micro enterprises and small enterprises		
Operational Buyers Credit	72	75
Due to others	361	327
Total	433	402

Note:

- 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.
- Refer Note 36 for information about credit risk, market risk and liquidity risk of Trade payables.

18 OTHER FINANCIAL LIABILITIES

(Rs. In Million)		
Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Current maturities of Long Term Borrowings (Note 14)	222	16
Interest accrued and due on borrowings	0	0
Interest accrued but not due on borrowings	0	1
Payable for capital goods	11	6
Others	47	40
Total	280	63

19 OTHER CURRENT LIABILITIES

(Rs. In Million)		
Particulars	As at March 31, 2020	As at March 31, 2019
Statutory dues	29	72
Advance received from Customers	23	8
Total	52	80

20 CURRENT TAX LIABILITIES (NET)

(Rs. In Million)		
Particulars	As at March 31, 2020	As at March 31, 2019
Income tax payable (net of advance payment of tax)	-	12
Total	-	12



RESINOVA CHEMIE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

21 REVENUE FROM OPERATIONS

Particulars	(Rs. In Million)	
	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from contract with customers	3,750	4,346
Other operating revenues	21	24
Total	3,771	4,370

The Company mainly deals into adhesives and sealants and hence, no disaggregation of revenue is provided. Other information relating to contract balances, i.e. Trade Receivables, is stated in note 8.

22 OTHER INCOME

Particulars	(Rs. In Million)	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest Income comprises:		
From Banks	0	0
From Related Party (Note 35)	1	-
From Others	6	-
Profit on Sale of Current Investments (Net)	6	2
Foreign exchange gains (Net)	1	17
Miscellaneous Income	0	25
Total	14	44

23 COST OF MATERIALS CONSUMED

Particulars	(Rs. In Million)	
	Year ended March 31, 2020	Year ended March 31, 2019
Inventories at the beginning of the year	325	319
Add: Purchases	1,999	2,310
Less: Inventories at the end of the year	322	325
Cost of Material Consumed	2,002	2,304
Inventories at the beginning of the year	86	87
Add: Purchases	427	490
Less: Inventories at the end of the year	72	86
Cost of Packing Material Consumed	441	491
Total	2,443	2,795

24 PURCHASE OF STOCK-IN-TRADE

Particulars	(Rs. In Million)	
	Year ended March 31, 2020	Year ended March 31, 2019
Other	5	3
Total	5	3



RESINOVA CHEMIE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

25 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

(Rs. In Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Inventories At the end of the year		
Finished Goods	477	217
Work-in-progress	64	71
Stock In Trade	-	-
	541	288
Inventories At the beginning of the year		
Finished Goods	217	228
Work-in-progress	71	52
Stock In Trade	-	13
	288	293
Net (Increase) / Decrease	(253)	5

26 EMPLOYEE BENEFITS EXPENSE

(Rs. In Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and wages	385	301
Contribution to Provident and Other Funds (Note 33)	28	22
Staff welfare Expenses	12	11
Total	425	334

27 FINANCE COSTS

(Rs. In Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest Expenses on		
Working capital and term loans	7	8
Others	3	1
Other Borrowing Costs	2	2
Exchange differences regarded as an adjustment to borrowing costs	16	-
Total	28	11

28 DEPRECIATION AND AMORTISATION EXPENSE

(Rs. In Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation of property, plant and equipment (Note 3)	90	77
Amortisation on Intangible assets (Note 3)	370	370
Amortisation of Right of use asset (ROU) (Note 3)	17	-
Total	477	447



RESINOVA CHEMIE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

29 OTHER EXPENSES

Particulars	(Rs. In Million)	
	Year ended March 31, 2020	Year ended March 31, 2019
Consumption of Stores and Spares	17	17
Power and Fuel	63	57
Rent (Note 37)	20	21
Repairs Expenses	17	19
Insurance Expenses	7	4
Rates and Taxes	0	0
Royalty Expense	24	30
Communication Expenses	19	15
Travelling Expenses	94	76
Factory and Other Expenses	7	6
Printing and Stationary Expenses	2	1
Freight and Forwarding	128	114
Commission	0	0
Sales Promotions	175	215
Directors Sitting Fees (Note 35)	0	0
Expenditure on Corporate Social Responsibility (Note 34 & 35)	4	2
Security Service Charges	10	6
Legal and Professional	12	10
Payments to Auditors **	1	1
Bad Debts Written Off	-	0
Provision for Doubtful Trade Receivables	11	-
Loss on Sale of Property, Plant and Equipment (Net)	1	1
Other Expenses	8	7
Total	620	602

PAYMENT TO AUDITORS (EXCLUDING GST)

Particulars	(Rs. In Million)	
	Year ended March 31, 2020	Year ended March 31, 2019
To Statutory Auditors **		
For statutory audit	1	1
Total	1	1



RESINOVA CHEMIE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

30 TAX EXPENSES

(Rs. In Million)		
Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current tax		
In respect of the current year		
Current Tax	47	48
MAT Credit Entitlement	-	(47)
In respect of earlier years	0	1
	47	1
Deferred tax		
In respect of the current year	(49)	75
	(49)	75

Reconciliation of the Income tax expenses to the amount computed by applying the statutory income tax rate to the profit before income taxes is summarised below :

(Rs. In Million)		
Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit before tax	40	217
Income tax expense @34.944% (FY 2018-19 : 34.944%)	14	76
Differences due to :		
Impact of Change in Statutory Tax Rate on Deferred Tax	(14)	-
Effect of allowances	(2)	(1)
Total	(2)	75
Adjustments in respect of current income tax of previous year	0	1
Tax expense as per Statement of Profit and Loss	(2)	76

The Company's weighted average tax rates for the year ended March 31, 2020 and March 31, 2019 were 30.00% and 35.16%, respectively.



RESINOVA CHEMIE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

31. EARNINGS PER SHARE:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit for the Year attributable to the owners of the Company (Rs. In Million)	42	141
Weighted average number of equity shares outstanding	293,895	293,895
Nominal Value per shares (Rs.)	10	10
Basic & Diluted Earnings Per Share (In Rs.)	142.91	479.34

32. CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR:

(Rs. in Million)			
Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
Contingent Liabilities			
1	Disputed Central Excise/Sales Tax/PF and other demands*	7	7
Commitments			
1	Capital Contracts remaining to be executed (Net of Advances)	20	43
2	Letters of Credits for Purchases	85	82
3	Commitment on uncalled liability of shares subscription**	0	-

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

** The Company is subscriber to Memorandum of Association of newly incorporated associate company, namely, 'Astral Foundation'.

33. 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. 26, Rs. 18 Million (Previous Year: Rs.13 Million).

Defined Benefit Plan:

The Company has defined benefit plans for gratuity to eligible employees, contributions for which are made to insurance service providers who invests the funds as per IRDA guidelines. The details of these defined benefit plans recognised in the financial statements are as under:

General Description of the Plan:

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



RESINOVA CHEMIE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

a) Movement in present value of defined benefit obligation are as follows :

(Rs. In Million)

Particulars	Gratuity	
	As at March 31, 2020	As at March 31, 2019
Obligations at the beginning of the year	25	22
Current service cost	5	4
Interest cost	2	2
Liability Transferred In/ Acquisitions	-	0
Actuarial (gain) / loss – due to change in financial assumptions	(0)	0
Actuarial (gain) / loss – due to change in demographic assumptions	(1)	(0)
Actuarial (gain) / loss- due to experience adjustments	1	(0)
Benefits paid	(3)	(2)
Present value of benefit obligation at the end of the year	29	26

b) Movement in the fair value of plan assets are as follows :

(Rs. In Million)

Particulars	Gratuity	
	As at March 31, 2020	As at March 31, 2019
Plan assets at the beginning of the year, at fair value	3	5
Interest Income	0	0
Return on plant assets excluding interest income	(0)	(0)
Contributions from the employer	5	0
Benefits paid	(3)	(2)
Fair value of plan assets at the end of the year	5	3

c) The amount included in the balance sheet arising from the entities obligation in respect of defined benefit plan is as follows :

(Rs. In Million)

Particulars	Gratuity	
	As at March 31, 2020	As at March 31, 2019
Present value of benefit obligation at the end of the year	29	25
Fair value of plan assets at the end of the year	5	3
Net liability arising from defined benefit obligation	24	22



RESINOVA CHEMIE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

- d) Amount recognized in the Statement of Profit and Loss in respect of the defined benefits plans are as follows :

(Rs. In Million)

Particulars	Gratuity	
	Year ended March 31, 2020	Year ended March 31, 2019
Current service cost	5	4
Net Interest expense	2	1
Components of defined benefit costs recognised in the Statement of Profit and Loss	7	5
Remeasurement on the net defined benefit liability:		
Actuarial (gains) / losses on obligation for the period	(0)	(0)
Return on plant assets, excluding interest income	0	0
Components of defined benefit costs recognised in Other Comprehensive Income	0	0
Total	7	5

The current service cost and the net interest expenses for the year are included in the Employee benefits expense line item in the Statement of Profit and Loss. The remeasurement of the net defined benefit liability/ asset is included in Other Comprehensive Income.

- e) Investment details of plan assets:

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

- f) The defined benefit obligations shall mature after year ended March 31, 2020 as follows:

(Rs. In Million)

Particulars	As at March 31, 2020	As at March 31, 2019
As at March 31		
2020		2
2021	2	2
2022	1	1
2023	1	1
2024	2	2
2025	1	61
Thereafter	72	

- g) Sensitivity analysis:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant



RESINOVA CHEMIE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. In Million)

Particulars	Gratuity	
	As at March 31, 2020	As at March 31, 2019
Delta effect of +1% change in the rate of Discounting	(3)	(2)
Delta effect of -1% change in the rate of Discounting	4	3
Delta effect of +1% change in the rate of salary Increase	4	3
Delta effect of -1% change in the rate of salary increase	(3)	(2)
Delta effect of +1% change in the rate of employee turnover	0	0
Delta effect of -1% change in the rate of employee turnover	(0)	(0)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using "Projected Unit Credit" method at the end of the reporting period which is the same as that applied in calculating the defined benefit obligation liability recognised in Balance Sheet.

There were no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The Company expects to make a contribution of Rs. 24 Million (as at March 31, 2019: Rs. 22 Million) to the defined benefit plans during the next financial year.

h) The principal assumptions used for the purpose of actuarial valuation were as follows :

Particulars	Gratuity	
	Year ended March 31, 2020	Year ended March 31, 2019
Discount Rate	6.89%	7.76%
Expected return on plan assets	6.89%	7.76%
Annual Increase in Salary Costs	6.00%	7.00%
Rate of Employee turnover	For service 4 years and below 10.00% p.a. For service 5 years and above 2.00% p.a.	For service 4 years and below 7.00% p.a. For service 5 years and above 4.00% p.a.
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.



RESINOVA CHEMIE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

34. CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE:

The gross amount required to be spent by the Company on Corporate Social Responsibility (CSR) activities during the year as per the provision of section 135 of the Companies Act, 2013 amounts to Rs. 4 Million (Previous year : Rs. 2 Million). The revenue expenditure charged to the Statement of Profit and Loss in respect of Corporate Social Responsibility (CSR) activities undertaken during the year is Rs. 4 Million (Previous year : Rs. 2 Million) and has been paid.

35. RELATED PARTY DISCLOSURES:

1. Name of the related parties and their 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 Seal IT Services Limited - UK Seal IT Services Limited – USA
c.	Enterprises over which Key Managerial Personnel are able to exercise significant influence	Kairav Chemicals Limited Kairamya Journeys LLP Parikh Resins Limited Saumya Polymers LLP Astral Charitable Trust Astral Foundation
d.	Key Managerial Personnel / Directors	Mr. Sandeep Engineer (Managing Director) Mr. Vijay Parikh (Non-Executive Director from January 1, 2019) Mr. Rajesh Dwivedi (Whole Time Director) Mr. Kairav Engineer (Director) Mr. Saumya Engineer (Director) Mrs. Monica Kanuga (Director)



RESINOVA CHEMIE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

2. Disclosure of transactions between the Company and related parties and the status of outstanding balances as on March 31, 2020:

Particulars	Holding/Parent Company		Entities with Joint control /Fellow Subsidiaries		Enterprises over which Key Managerial Personnel are able to exercise significant influence		Key Managerial Personnel / Directors		Total	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Part 1: Transaction during the year										
Purchase of Goods/Services	42	137	18	4	4	1	-	-	64	142
Sale of Goods	536	470	0	-	-	-	-	-	536	470
Interest Paid on Security Deposit given	-	-	-	-	0	0	-	-	0	0
Remuneration (Note a)	-	-	-	-	-	-	4	2	4	2
Loan Given	85	-	-	-	-	-	-	-	85	-
Loan Received	85	-	-	-	-	-	-	-	85	-
Interest Received	1	-	-	-	-	-	-	-	1	-
Rent Paid	1	-	-	-	16	15	2	2	19	17
Professional Fees Paid	-	-	-	-	-	-	0	0	0	0
Sitting Fees Paid	-	-	-	-	-	-	0	0	0	0
Amount paid for reimbursement of expense	1	1	-	-	-	-	-	-	1	1
Expenditure on Corporate Social Responsibility	-	-	-	-	-	2	-	-	-	2
Part 2: Balance at the end of year										
Receivables	0	-	0	1	-	-	-	-	0	1
Payables	-	-	-	-	0	0	0	0	0	0

Notes:

a. Compensation of key management personnel:

The remuneration of key management personnel during the year was as follows:

Particulars	(Rs. In Million)	
	Year ended March 31, 2020	Year ended March 31, 2019
Short term Benefits	4	2

The remuneration of key management personnel is determined by the remuneration committee. The same excludes gratuity as it is not determinable.

- b. The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.
- c. The amounts outstanding are unsecured and will be settled in cash. No expense has been recognized in the current or prior years for bad or doubtful debts in respect of amounts owned by related parties.



RESINOVA CHEMIE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

36 Financial Instruments

1 Capital management

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximising the return to stakeholders through optimisation of debt and equity balance.

The capital structure of the Company consists of net debt (borrowings as detailed in notes 14 and 18 off set by cash and bank balances) and total equity of the Company.

The company's risk management committee reviews the risk capital structure of the company on semi annual basis. As part of this review the company considers the cost of capital and the risk associated with each class of capital.

Gearing ratio

Particulars	(Rs. in Million)	
	As at	
	March 31, 2020	March 31, 2019
Debt (note i)	250	252
Less : Cash and cash equivalents	18	283
Net debt	232	-
Equity share capital	3	3
Other Equity	3,419	3,377
Total equity	3,422	3,380
Net debt to equity ratio	6.78%	-

i Debt is defined as long-term borrowings, short-term borrowings and current maturities of long term borrowings as described in notes 14 and 18.

2 Category-wise classification of financial instruments

Particulars	(Rs. in Million)	
	As at	
	March 31, 2020	March 31, 2019
Financial assets		
Measured at amortised cost		
a Cash and cash equivalents and other bank balances (Note 9 & 10)	579	284
b Financial assets (Note 4,5 & 8)	469	761
Total	1,048	1,045
Financial liabilities		
Measured at amortised cost		
a Borrowings (Note 14 and 18)	250	252
b Financial liabilities (Note 17,18 & 37)	512	449
Total	762	701

In respect of financial instruments, measured at amortised cost, the fair value approximates the amortised cost.

3 Financial risk management objectives

The Company's financial liabilities comprise mainly of borrowings, trade payables and other financial liabilities. The Company's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans,

The Company's business activities are exposed to a variety of financial risks, namely market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Company's senior management has the overall responsibility for establishing and governing the Company's risk management framework who are responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee of the Company. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.



RESINOVA CHEMIE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

A MANAGEMENT OF MARKET RISK

The Company's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

- currency risk;
- interest rate risk

i Currency risk

The Company's activities expose it primarily to the financial risk of changes in foreign currency exchange rates. The Company enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk.

The carrying amounts of the Company's foreign currency dominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Particulars	(in Millions)	
	As at	
	March 31, 2020	March 31, 2019
Liabilities (Foreign currency)		
In US Dollars (USD)	1	2
In Euro (EUR)	2	2

Particulars	(Rs. in Millions)	
	As at	
	March 31, 2020	March 31, 2019
Liabilities (INR)		
In US Dollars (USD)	109	110
In Euro (EUR)	206	193

Derivative Instruments:

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The use of foreign currency forward contracts is governed by the Company's strategy approved by the Board of Directors, which provide principles on the use of such forward contracts consistent with the Company's Risk Management Policy. The Company does not use forward contracts for speculative purposes.

Foreign currency sensitivity analysis

The Company is mainly exposed to the currency : USD and Euro.

The following table details, Company's sensitivity to a 5% increase and decrease in the rupee against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. This is mainly attributable to the exposure outstanding not hedged on receivables and payables in the Company at the end of the reporting period. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rate. A positive number below indicates an increase in the profit and equity where the rupee strengthens 5% against the relevant currency. For a 5% weakening of the rupee against the relevant currency, there would be a comparable impact on the profit and equity, and the balances below would be negative.

Particulars	(Rs. in Millions)	
	As at	
	March 31, 2020	March 31, 2019
Increase in exchange rate by 5%	(16)	(15)
Decrease in exchange rate by 5%	16	15



RESINOVA CHEMIE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

The Company, in accordance with its risk management policies and procedures, enters into foreign currency forward contracts to manage its exposure in foreign exchange rate variations. The counter party is generally a bank. These contracts are for a period between one day and five years. The above sensitivity does not include the impact of foreign currency forward contracts and option contracts which largely mitigate the risk.

ii Interest rate risk

Interest rate risk is the risk that the future cash flow with respect to interest payments on borrowing will fluctuate because of change in market interest rates. The company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligation with floating interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	(Rs. in Million)	
	Increase/ decrease in basis points	Effect on profit before tax
As at March 31, 2020	100 bps	2
As at March 31, 2019	100 bps	3

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

B MANAGEMENT OF CREDIT RISK

Credit risk refers to the risk that a counter party will default on its contractual obligation resulting in financial loss to the Company. The Company uses its own trading records to evaluate the credit worthiness of its customers. The Company's exposure are continuously monitored and the aggregate value of transactions concluded, are spread amongst approved counter parties (refer note 8 - Trade receivable).

C MANAGEMENT OF LIQUIDITY RISK

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. 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.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows along with its carrying value as at the Balance Sheet date.

Particulars	(Rs. in Million)				
	Carrying amount	Less than 1 year	1-5 years	More than 5 years	Total
As at March 31, 2020					
Non-derivative financial liabilities					
Borrowings	250	222	28	-	250
Lease Liabilities (Note 37)	21	13	8	-	21
Financial Liabilities	491	491	-	-	491
Total	762	726	36	-	762
As at March 31, 2019					
Non-derivative financial liabilities					
Borrowings	252	16	236	-	252
Financial Liabilities	449	449	-	-	449
Total	701	465	236	-	701



RESINOVA CHEMIE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

37. LEASE

Company as a lessee

The Company adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application of April 1, 2019. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at April 1, 2019. The Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

(Rs. in Million)

Particulars	Right of Use Assets (ROU)	Lease Liabilities
	Tangible Assets	
As on April 1, 2019	16	16
Add: Reclassified from leasehold land	53	-
Add : Additions	20	20
Less : Depreciation/amortisation of expenses	17	-
Add : Interest Expenses	-	2
Less : Payments	-	17
As on March 31, 2020	72	21
Current	-	13
Non-current	-	8

There is no material impact on other comprehensive income or the basic and diluted earnings per share.



RESINOVA CHEMIE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

38. Department of Scientific and Industrial Research (DSIR), Ministry of Science and Technology, Government of India, has accorded approval for In-house research and development centre of the company situated at First Floor, Block no. 2221/1, Ms. Shah Alloys, Santej Nasmed Road, Gandhinagar, which has been put to use in April 2018. Following is the break up of revenue and capital expenditure incurred on approved R&D unit as certified by the management for the year ending as on March 31, 2020. Expenses disclosed under the respective notes to accounts are inclusive of expenditure for research and development.

(Rs. In Million)			
	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A	Revenue Expenditure		
	Salaries, Wages and Bonus	13	7
	Other Expense	2	1
	Total (A)	15	8
B	Capital Expenditure		
	Office Building	-	19
	Plant & Machinery	2	7
	Computer	0	1
	Furniture & Fixtures	-	4
	Total (B)	2	31
	Total Expenditure on research & development (A+B)	17	39

39. SEGMENT REPORTING:

The company has presented segment information in the Consolidated Financial Statement of the Holding Company and accordingly, in terms of paragraph 4 of Ind AS 108 – Operating Segments, no disclosure related to segments are presented in this financial statement.

40. ESTIMATION UNCERTAINTY RELATING TO THE GLOBAL HEALTH PANDEMIC COVID-19

In view of the unprecedented COVID-19 pandemic, the management has made a detailed assessment of its liquidity position for the next one year and recoverability of Property, Plant and Equipment, Investments, Trade Receivables and Inventories as at the balance sheet date. In assessing the recoverability, the Company has considered internal and external information upto the date of approval of these Ind AS financial statements and has concluded that there are no material impact on the operations and the financial position of the Company. However, the impact of the global health pandemic may be different from that estimated at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.



RESINOVA CHEMIE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

41. The figures for the previous year have been regrouped/ reclassified wherever necessary to confirm with the current year's classification.

As per report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003



Per Anil Jobanputra
Partner
Membership No.: 11075

Place: Mumbai
Date: May 25, 2020



For and on behalf of the Board of Directors of
Resinova Chemie Limited
CIN: U24295GJ2009PLC058120



(Sandeep P. Engineer)
Chairman & Managing Director
DIN: 00067112

Place: Ahmedabad
Date: May 25, 2020



ASTRAL BIOCHEM PRIVATE
LIMITED

Financial Statements

For FY 2019 -20

G. H. Choksi & Co.

Chartered Accountants

Madhuban', Nr. Madalpur Underbridge, Plishnridge, Ahmedabad - 380 006.
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INDEPENDENT AUDITOR'S REPORT

To the Members of
ASTRAL BIOCHEM PRIVATE LIMITED

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the Ind AS Financial Statements of **ASTRAL BIOCHEM PRIVATE LIMITED** ("the Company"), which comprise the balance sheet as at 31st March 2020, and the Statement of Profit and Loss (Including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as Ind AS Financial Statements).

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 Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its loss, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Ind AS 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 financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent;

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G. K. Choksi & Co.

Chartered Accountants

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and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to

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G. H. Choksi & Co.

Chartered Accountants

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continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, as in our opinion and according to the information and explanations given to us, the said order is not applicable to the company.
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 Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

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Chartered Accountants

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- (f) The Ministry of Corporate Affairs vide its notification bearing no. G.S.R. 583(6) dated 13th June 2017, amended the provision of section 143(3) of the Companies Act, 2013. In accordance with the same reporting requirement related to adequacy and operating effectiveness of the internal financial controls over financial reporting is not applicable to the Company.
- (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 on its financial position in its standalone Ind AS financial statements.
 - (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.

FOR G. K. CHOKSI & CO.

[Firm Registration No. 101895W]

Chartered Accountants

VARTIK
ROHITBHAI
CHOKSI

Digitally signed by VARTIK
ROHITBHAI CHOKSI
Date: 2020.05.11 19:56:42
+05'30'

VARTIK R. CHOKSI

Partner

Mem. No. 116743

UDIN: 20116743AAAABV6859

Place : Ahmedabad
Date : 11th May, 2020

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ASTRAL BIOCHEM PRIVATE LIMITED
BALANCE SHEET AS AT MARCH 31, 2020

(₹ In lacs)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
a Financial Assets			
i. Loans	3	-	0.50
b Deferred Tax Assets (Net)	4	5.53	6.92
Total non-current assets		5.53	7.42
Current Assets			
a Financial Assets			
i. Cash and Cash Equivalents	5	2.95	2.77
b Current tax Assets (Net)	6	-	6.21
c Other Current Assets	7	0.80	0.77
Total Current Assets		3.75	9.75
Total Assets		9.28	17.17
EQUITY AND LIABILITIES			
Equity			
a Equity Share Capital	8	5.00	5.00
b Other Equity	9	(103.42)	(101.74)
Total Equity		(98.42)	(96.74)
LIABILITIES			
Current Liabilities			
a Financial Liabilities			
i. Borrowings	10	106.60	106.60
ii. Trade Payables	11	1.10	1.10
iii. Other Financial Liabilities	12	-	6.21
Total Current Liabilities		107.70	113.91
Total Liabilities		107.70	113.91
Total Equity & Liabilities		9.28	17.17

See accompanying notes to the financial statements

As per our report of even date

For G. K. Choksi & Co.

Chartered Accountants

ICAI Firm Registration No.: 0101895W

VARTIK

ROHITBHAI

CHOKSI

CA Vartik R. Choksi

Partner

Membership No.: 116743

Place : Ahmedabad

Date : May 11, 2020

For and on behalf of the Board of Directors of

Astral Biochem Private Limited

CIN:U01407GJ2008PTC054506

Sandeep
Pravindra
Engineer

(Sandeep P. Engineer)

Chairman

DIN : 00067112

Place : Ahmedabad

Date : May 11, 2020

ASTRAL BIOCHEM PRIVATE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(₹ In lacs)

Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Income			
Other Income	13	0.44	-
Total Income		0.44	-
Expenses			
Other Expenses	14	0.73	0.23
Total Expenses		0.73	0.23
Profit/(Loss) Before Tax		(0.29)	(0.23)
Tax Expense			
Current Tax		-	-
Defererd Tax		1.39	-
		1.39	-
Profit/(Loss) For the Year		(1.68)	(0.23)
Other comprehensive income		-	-
Total comprehensive income for the year		(1.68)	(0.23)
Earnings Per Share: Face Value of ₹ 10/- each			
Basic	15	(3.36)	(0.46)
Diluted		(3.36)	(0.46)

See accompanying notes to the financial statements

As per our report of even date

For G. K. Choksi & Co.

Chartered Accountants

ICAI Firm Registration No.: 0101895W

VARTIK

ROHITBHAI

CHOKSI

CA Vartik R. Choksi

Partner

Membership No.: 116743

Place : Ahmedabad

Date : May 11, 2020

Digitally signed by VARTIK
ROHITBHAI CHOKSI
Date: 2020.05.11 19:33:20
+05'30'

For and on behalf of the Board of Directors of

Astral Biochem Private Limited

CIN:U01407GJ2008PTC054506

Sandeep
Pravinbha
Engineer

(Sandeep P. Engineer)

Chairman

DIN : 00067112

Place : Ahmedabad

Date : May 11, 2020

ASTRAL BIO CHEM PRIVATE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

A Equity share capital (Note 8)

(₹ in lacs)

Particulars	Amount
Balance at April 1, 2018	5.00
Add: movement during the year	-
Balance at March 31, 2019	5.00
Add: movement during the year	-
Balance at March 31, 2020	5.00

B Other Equity (Note 9)

(₹ in lacs)

Particulars	Other Equity		Total Other Equity
	Capital Reserve	Retained earnings	
Balance at April 1, 2018	43.39	(144.90)	(101.51)
Addition/Deletion during the year	-	-	-
Profit for the year	-	(0.23)	(0.23)
Other comprehensive income for the year, net of income tax	-	-	-
Total comprehensive income for the year	-	(0.23)	(0.23)
Balance at March 31, 2019	43.39	(145.13)	(101.74)
Profit for the year	-	(1.68)	(1.68)
Other comprehensive income for the year, net of income tax	-	-	-
Total comprehensive income for the year	-	(1.68)	(1.68)
Balance at March 31, 2020	43.39	(146.81)	(103.42)

See accompanying notes to the financial statements

As per our report of even date

For G. K. Choksi & Co.

Chartered Accountants

ICAI Firm Registration No.: 0101895W

VARTIK

ROHITBHAI

CHOKSI

CA Vartik R. Choksi

Partner

Membership No.: 116743

Place : Ahmedabad

Date : May 11, 2020

For and on behalf of the Board of Directors of

Astral Biochem Private Limited

CIN:U01407GJ2008PTC054506

Sandeep
Prayilhas
Engineer

(Sandeep P. Engineer)

Chairman

DIN : 00067112

Place : Ahmedabad

Date : May 11, 2020

ASTRAL BIOCHEM PRIVATE LIMITED

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31,2020

(₹ In Lacs)

Sr No.	Particulars	Year ended March 31,2020	Year ended March 31,2019
A.	Cash flow from Operating Activities		
	Profit Before Tax	(0.29)	(0.23)
	Changes in Working Capital:		
	Increase/(Decrease) in Trade Payables, financial liabilities other liabilities and provisions	-	(1.87)
	(Increase)/Decrease in Trade receivables, financial assets and other assets	0.46	0.45
	Cash generated from operations	0.46	(1.42)
	Income taxes paid	6.21	-
	Net Cash generated from Operating Activities (A)	6.38	(1.65)
B.	Cash flow from Investing Activities		
	Paid towards excess amount received	(6.21)	-
	Net Cash Flow used in Investing Activities (B)	(6.21)	-
C.	Cash Flow from Financing Activities		
	Net Cash flow from Financing Activities (C)	-	-
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)	0.18	(1.65)
	Cash and cash equivalents at the beginning of the year (Note 5)	2.77	4.42
	Cash and Cash Equivalents at the end of the year (Note 5)	2.95	2.77

Note The above Cash Flow Statement has been prepared as per 'Indirect Method' as set out in Ind AS 7 on Statement of Cash Flow.

Changes in liabilities arising from financing activities

(₹ In Lacs)

Particulars	Non-current borrowings	Current borrowings	Total
Balance as at March 31,2019	-	106.60	106.60
Cash flows	-	-	-
Balance as at March 31,2020	-	106.60	106.60

See accompanying notes to the financial statements

As per our report of even date

For **G. K. Choksi & Co.**

Chartered Accountants

ICAI Firm Registration No.: 0101895W

**VARTIK
ROHITBHAI
CHOKSI**

Digitally signed by
VARTIK ROHITBHAI
CHOKSI
Date: 2020.05.11
19:34:06 +05'30'

CA Vartik R. Choksi

Partner

Membership No.: 116743

Place : Ahmedabad

Date : May 11, 2020

For and on behalf of the Board of Directors of

Astral Biochem Private Limited

CIN:U01407GJ2008PTC054506

Sandeep
Pravinbhai
Engineer

(Sandeep P. Engineer)

Chairman

DIN : 00067112

Place : Ahmedabad

Date : May 11, 2020

ASTRAL BIOCHEM PRIVATE LIMITED

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.

The financial statements were approved for issue by the board of directors on May 11, 2020.

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 read with Section 133 of the Companies Act, 2013, as amended.

b) Basis of Preparation of Financial Statements

The financial statements have been prepared on the going concern basis using historical cost convention 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.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liabilities or
- In the absence of a principal market in the most advantageous market for the asset and liabilities.

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 *Share-based Payment*, leasing transactions that are within the scope of Ind AS 116 *Leases*, 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 *Impairment of assets*.

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.

ASTRAL BIOCHEM PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

e) Earnings per share

A basic earnings per share is computed by dividing the profit/(loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) for the year attributable to equity shareholders 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.

f) Taxation

Tax expense represents the sum of the current tax and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Current tax is measured at the amount expected to be paid to the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemption in accordance with the local tax laws. 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.

ASTRAL BIOCHEM PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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.

Deferred tax assets include Minimum Alternate Tax (MAT) credit paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT credit is recognized as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

Current and deferred tax for the year

Current and deferred tax are recognized in the statement of profit and 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.

g) 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 risks 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.

Contingent liabilities and Contingent assets are not recognized in the financial statements when an inflow/ outflow of economic benefits/ loss are probable.

h) Non-derivative 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 measured on initial recognition of 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 the statement of profit and loss.

ASTRAL BIOCHEM PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit and loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in statement of profit and loss.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments recognised by the Company are measured at the proceeds received net off direct issue cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in financial statements if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

i) 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.

ASTRAL BIOCHEM PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

3 LOANS

(₹ In lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Non Current Secured and Considered Good Security Deposits	-	0.50
Total	-	0.50

4 DEFERRED TAX ASSETS (NET)

(₹ In lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred Tax Assets Opening Brought Forward Loss Charged to Profit and loss Account	6.92 (1.39)	6.92 -
Total	5.53	6.92

5 CASH AND CASH EQUIVALENTS

(₹ In lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand Balances with banks	0.13 2.82	0.13 2.64
Total	2.95	2.77

6 CURRENT TAX ASSETS (NET)

(₹ In lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
TDS receivable	-	6.21
Total	-	6.21

7 OTHER CURRENT ASSETS

(₹ In lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance with Government Authorities	0.80	0.77
Total	0.80	0.77

8 EQUITY SHARE CAPITAL

(₹ In lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised Share Capital		
Equity Share Capital		
50,000 Equity Shares (P.Y. : 50,000 Equity Shares) of ₹ 10/-	5.00	5.00
Issued, Subscribed & Fully Paid Share Capital		
Equity Share Capital		
50,000 Equity Shares (P.Y. : 50,000 Equity Shares) of ₹ 10/- each fully paid up	5.00	5.00
Total	5.00	5.00

a) The company has only one class of equity shares having a par value of ₹ 10/- each. Each Share holder is eligible for one vote per share.

b) Reconciliation of number of shares outstanding :

Particulars	As at March 31, 2020	As at March 31, 2019
As at beginning of the year/period	50,000	50,000
Add: Issued During the year/period	-	-
As at end of the year/period	50,000	50,000

c) The details of shareholder holding more than 5% shares as at March 31, 2020 and as at March 31, 2019 is set out below.

Name of Shareholders	As at March 31, 2020	As at March 31, 2019
Astral Poly Technik Limited		
No. of Shares	50,000	50,000
- % of Shares Held	100%	100%
Amount (in lacs)	5.00	5.00

d) 50,000 (as at March 31, 2019 : 50,000) equity shares of ₹ 10/- fully paid up are held by Parent Company - Astral Poly Technik Limited jointly with nominees.

9 OTHER EQUITY

(₹ In lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Capital Reserve		
Balance at the beginning of the year	43.39	43.39
Add: During the Year	-	-
Balance at the end of the year	43.39	43.39
Surplus in Statement of Profit & Loss		
Balance at the beginning of the year	(145.13)	(144.90)
Add: Profit/(Loss) for the Year	(1.68)	(0.23)
Balance at the end of the year	(146.81)	(145.13)
Total	(103.42)	(101.74)

10 BORROWINGS

(₹ In lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Unsecured		
Loans and Advances from Related Parties* (Note 16)		
Astral Poly Technik Limited - The Holding Company	106.60	106.60
Total	106.60	106.60

* The loan is repayable on demand.

11 TRADE PAYABLES

(₹ In lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Other than Acceptances *		
Trade Payables for Service Received	1.10	1.10
Total	1.10	1.10

* There are no dues to Micro and Small Enterprises as on March 31, 2020 (as on March 31, 2019 : Rs. Nil). 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.

12 OTHER FINANCIAL LIABILITIES

(₹ In lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Others (Payable towards Excess Amount Received)	-	6.21
Total	-	6.21

13 OTHER INCOME

(₹ In lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest Income from others	0.44	-
Total	0.44	-

14 OTHER EXPENSES

(₹ In lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Payment to Auditors*	0.20	0.20
Legal Expenses	0.03	0.03
Deposits Written Off	0.50	-
Total	0.73	0.23

*** Payment to Auditors:**

(₹ In lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
For Statutory Audit	0.20	0.20
For Other Services	-	-
	0.20	0.20

ASTRAL BIOCHEM PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

15. EARNINGS PER SHARE:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit/ (Loss) for the year attributable to the owners of the Company (₹ In lacs)	(1.68)	(0.23)
Weighted average number of equity shares outstanding	50,000	50,000
Basic & Diluted Earnings Per Share (In Rs.) (Face Value of ₹ 10/- each)	(3.36)	(0.46)

16. 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 Seal It Services Ltd - UK Seal It Services Ltd – USA Astral Foundation
c.	Key Management Personnel	Mr. Sandeep P. Engineer Mr. Kairav S. Engineer Mr. Saumya S. Engineer
d.	Relatives of Key Management Personnel	Mrs. Jagruti S. Engineer Mrs. Hansa Engineer

2. Details of related party transactions during the year:

(₹ In Lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
1. Reimbursement of Expense		
Astral Poly Technik Limited	0.02	0.02
2. Paid for Reimbursement of Expense		
Astral Poly Technik Limited	0.02	0.02
3. Paid towards excess amount received		
Resinova Chemie Limited	6.21	-

3. Details of related party transactions outstanding balances:

(₹ In Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
1. Unsecured Loans		
Astral Poly Technik Limited	106.60	106.60
2. Payables		
Resinova Chemie Limited	-	6.21

17 Financial instruments

1 Capital management

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximising the return to stakeholders through optimisation of debt and equity balance.

The capital structure of the Company consists of net debt (borrowings as detailed in note 10 off set by cash and bank balances) and total equity of the Company.

The company's risk management committee reviews the risk capital structure of the company on semi annual basis. As part of this review the company considers the cost of capital and the risk associated with each class of capital.

Gearing ratio

Particulars	As at	
	March 31, 2020	March 31, 2019
Debt (note i)	106.60	106.60
Less : Cash and cash equivalents	2.95	2.77
Net debt	103.65	103.83
Equity share capital	5.00	5.00
Other Equity	(103.42)	(101.74)
Total equity	(98.42)	(96.74)
Net debt to equity ratio	(1.05)	(1.07)

- i Debt is defined as short-term borrowings, as described in notes 10. Total debt is due to the holding company i.e. Astral Poly teknik Limited.

2 Category-wise classification of financial instruments

Particulars	As at	
	March 31, 2020	March 31, 2019
Financial assets		
Measured at amortised cost		
a Cash and cash equivalents (Note 5)	2.95	2.77
b Financial assets (Note 3)	-	0.50
Total	2.95	3.27
Financial liabilities		
Measured at amortised cost		
a Borrowings (Note 10)	106.60	106.60
b Financial liabilities (Note 11 and 12)	1.10	7.31
Total	107.70	113.91

In respect of financial instruments, measured at amortised cost, the fair value approximates the amortised cost.

3 Financial risk management objectives

The Company's financial liabilities comprise mainly of borrowings, trade payables and other financial liabilities. The Company's financial assets comprise mainly of cash and cash equivalents, and other financial assets.

The Company's business activities are exposed to liquidity risk.

MANAGEMENT OF LIQUIDITY RISK

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. 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 following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows along with its carrying value as at the Balance Sheet date.

Particulars	As at			
	Carrying amount	Less than 1 year	1-5 years	Total
As at March 31, 2020				
Non-derivative financial liabilities				
Borrowings	106.60	106.60	-	106.60
Financial Liabilities	1.10	1.10	-	1.10
Total	107.70	107.70	-	107.70
As at March 31, 2019				
Non-derivative financial liabilities				
Borrowings	106.60	106.60	-	106.60
Financial Liabilities	7.31	7.31	-	7.31
Total	113.91	113.91	-	113.91

ASTRAL BIOCHEM PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

18. The outbreak of Coronavirus (COVID – 19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Company has evaluated impact of this pandemic on its business operations and based on its review and current indicators of future economic conditions, there is no significant impact on its financial results.
19. Company incurred net loss of ₹ 1.68 Lacs during the year ended, as of balance sheet date, the company's current liabilities have exceeded the total assets of the company by ₹ 98.42 Lacs. The Management will infuse additional capital and / or make necessary financing arrangement as and when required, to meet the long term / short term capital requirement of the company, further the management of the company is in process of commencement of new business activities in the company, having considered this, the Company has prepared its financial statement for current financial year on "Going Concern Assumption".
20. The figures for the previous year have been regrouped/ reclassified wherever necessary to confirm with the current year's classification.

As Per our report of even date

For G. K. Choksi & Co.
Chartered Accountants
ICAI Firm Registration No.: 0101895W
VARTIK
ROHITBHAI
CHOKSI
CA Vartik R. Choksi
Partner
Membership No.:116743

Digitally signed by VARTIK
ROHITBHAI CHOKSI
Date: 2020.05.11 19:34:37
+05'30'

Place: Ahmedabad
Date: May 11, 2020

For and on behalf of Board of Directors of
Astral Biochem Private Limited
CIN:U01407GJ2008PTC054506

Sandeep
Pravinbhai
Engineer

(Sandeep P. Engineer)
Chairman
DIN: 00067112

Place: Ahmedabad
Date: May 11, 2020

SEAL IT SERVICES
LIMITED

Financial Statements

For FY 2019 -20

COMPANY REGISTRATION NUMBER: 04487206

SEAL IT SERVICES LIMITED

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

31 MARCH 2020

Seal It Services Limited

Financial statements

Year ended 31 March 2020

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Seal It Services Limited**Officers and professional advisers**

Company registration number	04487206
The board of directors	Mr G Helm Mr D Moore Mr S Engineer Mrs J Engineer
Registered office	Unit G16 Lowfields Business Park Lacey Way, Elland West Yorkshire HX5 9DN
Auditor	BDO Northern Ireland Chartered Accountant & Statutory Auditor Lindsay House 10 Callender Street Belfast BT1 5BN
Bankers	HSBC 4 th Floor, City Point 29 King Street Leeds LS1 2HL
Solicitors	Ramsdens Solicitors LLP 1 Hungerford Road Huddersfield HD3 3AL

Seal It Services Limited

Strategic report

Year ended 31 March 2020

Principal activity and review of the business

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

The results of the Group for the year, as set out on pages 9 and 10, show a profit before taxation of £1,180,238 (2019: £856,694). The equity attributable to owners of the parent company totalled £4,290,914 (2019: £3,537,398).

Due to the effects of Covid-19 it is unlikely that the Group will show turnover growth in the year ahead but will maximise margin on the slightly reduced turnover to maintain profitability. There remains significant demand for the groups products and with improved productivity brought about by significant investment in Plant and Machinery and with the introduction of new Products to the range this demand will service the turnover at a reduced cost.

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:

	2020	2019
Turnover	£22,814,719	£21,582,410
Trade Receivable days	69	65

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. As part of the preparations for ISO45001 the directors have overseen a complete review of the health and safety within the group including the introduction of a health and safety committee with participation from all levels of the organisation along with a review and update of all risk assessments. As a consequence of these preparations the group were successfully Audited and achieved the prestigious ISO45001 (Health and Safety) accreditation in April 2021." The UK Operations of the Group already holds ISO9001 (Customer Service and Quality Control) and ISO 14001 (Environmental) and are audited twice a Year by the Awarding Body. There are no outstanding Non- conformances or observations. The UK operation is proud to now hold the three major standards for the Industry.

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

Seal It Services Limited**Strategic report** *(continued)***Year ended 31 March 2020**

The economic environment in which the Group operate is uncertain due to the effects of Covid-19 and the future impact of Brexit. However the Directors have considered and proactively implemented models, risk assessments and plans to successfully steer the Group through these events and challenges that may occur and minimise any adverse impacts.

Obligations under GDPR and the increasing pace and complexity of cyber security risks are addressed by 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.

Principal risk and uncertainties

In common with all companies operating in the United Kingdom, the impact of the effects of Covid -19 is a principal risk to the group.

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.

Price risk

The Group faces increasing costs. The directors are of the opinion that the Group is well positioned to manage these costs.

Future developments

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.

This report was approved by the board of directors on 15 May 2020 and signed on behalf of the board by:



Mr G Helm
Director

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

Seal It Services Limited

Directors' report

Year ended 31 March 2020

The directors present their report and financial statements for the year ended 31 March 2020.

Events after the reporting date

Health and safety is paramount to the business especially in a manufacturing environment. As part of the preparations for ISO45001 the directors have overseen a complete review of the health and safety within the group including the introduction of a health and safety committee with participation from all levels of the organisation along with a review and update of all risk assessments. As a consequence of these preparations the group were successfully Audited and achieved the prestigious ISO45001 (Health and Safety) accreditation in April 2021." The UK Operations of the Group already holds ISO9001 (Customer Service and Quality Control) and ISO 14001 (Environmental) and are audited twice a Year by the Awarding Body. There are no outstanding Non- conformances or observations. The UK operation is proud to now hold the three major standards for the Industry.

Post year end a lease was entered into in relation to Unit G20 with the option to purchase after 3 years.

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

Strategic report

The strategic report is included at pages 2 to 3.

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.

Seal It Services Limited

Directors' report *(continued)*

Year ended 31 March 2020

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.
- The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 auditor is aware of that information.

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.

This report was approved by the board of directors on 15 May 2020 and signed on behalf of the board by:



Mr G Helm
Director

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

Seal It Services Limited

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

Year ended 31 March 2020

Opinion

We have audited the financial statements of Seal It Services Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 March 2020 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 notes to the financial statements, including a summary of significant accounting policies.

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 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



Seal It Services Limited

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

Year ended 31 March 2020

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Opinions 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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 the information and explanations we require for our audit.

Seal It Services Limited**Independent auditor's report to the members of Seal It Services Limited**
(continued)**Year ended 31 March 2020**

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>.

This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, 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 Parent Company's members those matters we are required to state to them in an auditor's 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

15 May 2020

Seal It Services Limited**Consolidated statement of profit and loss and comprehensive income****Year ended 31 March 2020**

	Note	2020 £	2019 £
Continuing operations			
Revenue	4	22,814,719	21,582,410
Cost of sales		14,895,003	14,859,612
Gross profit		<u>7,919,716</u>	<u>6,722,798</u>
Distribution costs		2,645,125	2,035,495
Administrative expenses		3,778,933	3,572,837
Other operating income		(17,302)	(56,984)
Operating profit		<u>1,512,960</u>	<u>1,171,450</u>
Finance costs	7	332,722	314,756
Profit before taxation		<u>1,180,238</u>	<u>856,694</u>
Taxation	9	321,906	214,903
Profit for the year		<u>858,332</u>	<u>641,791</u>
Other comprehensive income			
Foreign exchange movement		(104,816)	51,301
Total comprehensive income for the year		<u>753,516</u>	<u>693,092</u>
Attributable to:			
Owners of the parent company		<u>753,516</u>	<u>693,092</u>

All the activities of the Group are from continuing operations.

The notes on pages 14 to 45 form part of these financial statements.

Seal It Services Limited

Consolidated statement of financial position

31 March 2020

	Note	2020 £	2019 £
Non-current assets			
Intangible assets	10	2,389,769	2,302,342
Property, plant and equipment	11	5,285,237	5,432,907
Total non-current assets		7,675,006	7,735,249
Current assets			
Inventory	13	2,802,663	3,047,060
Trade and other receivables	14	4,813,240	4,684,907
Cash and cash equivalents	15	73,519	856,184
Total current assets		7,689,422	8,588,151
Total assets		15,364,428	16,323,400
Liabilities			
Non-current liabilities			
Loans and borrowings	16	4,987,185	4,952,369
Deferred tax liabilities	18	170,834	143,170
Total non-current liabilities		5,158,019	5,095,539
Current liabilities			
Loans and borrowings	16	2,912,069	3,919,460
Trade and other payables	17	3,003,426	3,771,003
Total current liabilities		5,915,495	7,690,463
Total liabilities		11,073,514	12,786,002
Net assets		4,290,914	3,537,398
Equity attributable to owners of the parent			
Share capital	19	100	100
Retained earnings	20	4,439,261	3,580,929
Foreign exchange reserve	20	(148,447)	(43,631)
Total equity		4,290,914	3,537,398

These financial statements were approved by the board of directors and authorised for issue on 15 May 2020 and are signed on behalf of the board by:



Mr G Helm
Director

Company registration number: 04487206

The notes on pages 14 to 45 form part of these financial statements.

Seal It Services Limited**Company statement of financial position****31 March 2020**

	Note	2020 £	2019 £
Non-current assets			
Property, plant and equipment	11	4,507,727	4,652,755
Investments	12	542,340	542,340
Other receivables	14	3,728,568	3,728,568
Total non-current assets		8,778,635	8,923,663
Current assets			
Inventory	13	2,593,120	2,719,735
Trade and other receivables	14	4,748,537	4,326,725
Cash and cash equivalents	15	–	830,201
Total current assets		7,341,657	7,876,661
Total assets		16,120,292	16,800,324
Liabilities			
Non-current liabilities			
Loans and borrowings	16	4,987,185	4,952,369
Deferred tax liabilities	18	170,834	143,170
Total non-current liabilities		5,158,019	5,095,539
Current liabilities			
Loans and borrowings	16	2,949,904	3,919,460
Trade and other payables	17	2,883,829	3,575,561
Total current liabilities		5,833,733	7,495,021
Total liabilities		10,991,752	12,590,560
Net assets		5,128,540	4,209,764
Equity attributable to owners of the parent			
Share capital	19	100	100
Retained earnings	20	5,156,222	4,127,398
Foreign exchange reserve	20	(27,782)	82,266
Total equity		5,128,540	4,209,764

The profit for the financial year of the parent company was £1,028,824 (2019: £874,375)

These financial statements were approved by the board of directors and authorised for issue on 15 May 2020 and are signed on behalf of the board by:



Mr G Helm
Director

Company registration number: 04487206

The notes on pages 14 to 45 form part of these financial statements.

Seal It Services Limited

Consolidated statement of changes in equity

Year ended 31 March 2020

	Issued share capital £	Foreign exchange reserve £	Retained earnings £	Total equity £
At 1 April 2019	100	(43,631)	3,580,929	3,537,398
Profit for the year	–	–	858,332	858,332
Foreign currency loss	–	(104,816)	–	(104,816)
Total comprehensive income for the year	–	(104,816)	858,332	753,516
At 31 March 2020	100	(148,447)	4,439,261	4,290,914

	Issued share capital £	Foreign exchange reserve £	Retained earnings £	Total equity £
At 1 April 2018	100	(94,932)	2,939,138	2,844,306
Profit for the year	–	–	641,791	641,791
Foreign currency gain	–	51,301	–	51,301
Total comprehensive income for the year	–	51,301	641,791	693,092
At 31 March 2019	100	(43,631)	3,580,929	3,537,398

Company statement of changes in equity

	Issued share capital £	Foreign exchange reserve £	Retained earnings £	Total equity £
At 1 April 2019	100	82,266	4,127,398	4,209,764
Profit for the year	–	–	1,028,824	1,028,824
Foreign currency loss	–	(110,048)	–	(110,048)
Total comprehensive income for the year	–	(110,048)	1,028,824	918,776
At 31 March 2020	100	(27,782)	5,156,222	5,128,540

	Issued share capital £	Foreign exchange reserve £	Retained earnings £	Total equity £
At 1 April 2018	100	118,437	3,253,023	3,371,560
Profit for the year	–	–	874,375	874,375
Foreign currency gain	–	(36,171)	–	(36,171)
Total comprehensive income for the year	–	(36,171)	874,375	838,204
At 31 March 2019	100	82,266	4,127,398	4,209,764

The notes on pages 14 to 45 form part of these financial statements.

Seal It Services Limited**Consolidated statement of cash flows****Year ended 31 March 2020**

	Note	2020 £	2019 £
Cash flows from operating activities			
Profit after taxation		858,332	641,791
Adjustment for:			
Depreciation	11	814,944	711,592
Net finance costs	7	332,722	314,756
Accrued expenses		121,702	170,175
Foreign currency		(143,517)	(16,227)
Tax on profit of ordinary activities	9	321,906	214,903
		<u>2,306,089</u>	<u>2,036,990</u>
 Changes in working capital:			
Movement in inventory		244,397	(501,932)
Movement in trade and other receivables		(1,265,324)	100,793
Movement in trade and other payables		(922,691)	407,060
Cash generated from operations		<u>362,471</u>	<u>2,042,911</u>
Interest paid		(218,848)	(258,232)
Income tax paid		(260,831)	(182,667)
Net cash(outflow)/ inflow from operating activities		<u>(117,208)</u>	<u>1,602,012</u>
 Cash flows from investing activities			
Acquisition through business combinations		–	(29,048)
Purchase of property, plant and equipment		(343,594)	(1,548,021)
Net cash outflow from investing activities		<u>(343,594)</u>	<u>(1,577,069)</u>
 Cash flows from financing activities			
Capital repayment of finance lease repayments		(201,890)	(265,718)
Proceeds from parent company		473,785	918,110
Repayment of parent company loan		(144,238)	(102,392)
Proceeds from bank loans		–	563,500
Repayment of bank loans		(449,520)	(431,249)
Net cash (outflow)/inflow from financing activities		<u>(321,863)</u>	<u>682,251</u>
Net (decrease)/increase in cash and cash equivalents		<u>(782,665)</u>	<u>707,194</u>
 Cash and cash equivalents at 1 April		856,184	148,990
 Cash and cash equivalents at 31 March	15	<u>73,519</u>	<u>856,184</u>

The notes on pages 14 to 45 form part of these financial statements.

Seal It Services Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2020

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.

The consolidated financial statements were authorised for issue by the board of directors on XX

2. Accounting policies

Basis of preparation

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.

The consolidated financial statements of Seal It Services Limited have been prepared in accordance with the Companies Act 2006 and 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.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

Going concern

On 11 March 2020, The World Health Organization declared COVID-19 a global pandemic. The pandemic is significantly affecting the global economy due to the interruption or slowdown of supply chains and the significant increase in economic uncertainty, which is apparent in more volatile asset prices, exchange rates and a decrease in the long term interest rates.

While the financial impact on the Group is difficult to predict at this time the Directors have utilised available government support such as the employer "furlough scheme" and deferring VAT and corporation tax payments. The Directors have revised their cash flow forecasts and budgets for the next 12 months to include estimates which the pandemic could have on results and cash flows and will continue to manage the Group very closely and will adapt the business plan as necessary to respond to the impact.

Based on the measures taken to reduce costs, the directors believe that the group is well positioned to return to full trading capacity once the period of uncertainty passes.

The parent company, Astral Poly Technik Limited, has pledged to support the company for a period of at least 12 months from the date of the approval of the financial statements. The Group has an amount owing to Astral Poly Technik Limited of £3,383,568 and they have confirmed they will not recall this balance to such times as the Group has the adequate resources to repay this balance. In addition to this the parent company has guaranteed USD\$ 1,381,250 directly to the bank in respect of the business loan and if the situation arises will support the company to provide additional guarantees to the bank up to the full amount of GBP 4,211,960.

Seal It Services Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2020

2. Accounting policies *(continued)*

Going concern *(continued)*

Having regard to these facts, the Directors have considered the potential implications for the group and are of the opinion that it is appropriate to prepare the financial statements on the going concern basis. This assumes the company will continue in operation existence for at least twelve months from the date of approval of the financial statements while having adequate financial resources to meet its obligations when they fall due.

The financial statements have been prepared on a going concern basis.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and all Group undertakings. Intercompany transactions and balances between the Group companies are therefore eliminated in full. The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquirees identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Exemptions

The Directors have taken advantage of the exemption available under Section 408 of the Companies Act and not presented an income statement, or statement of comprehensive income, for the Company alone.

Revenue recognition

Performance obligations and timing of revenue recognition

The majority of the Group's revenue is derived from selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer. Delivery shall be deemed to have taken place:

- In the case of carriage arranged by the Company by its own transport or otherwise, when goods are taken from the vehicle at the delivery point in the United Kingdom specified in writing by the Customer and agreed by the Company prior to despatch.
- In the case of carriage arranged by the Customer by its own transport or otherwise when the goods are loaded onto the vehicle used.

There is limited judgement needed in identifying the point control passes; once physical delivery of the products to the agreed location has occurred, the Group no longer has physical possession usually will have a present right to payment and retains none of the significant risks and rewards of the goods in question.

Determining the transaction price

All of the Group's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined to reference to those fixed prices. Some contracts provide customers with a limited right of return. Historical experience enables the Group to estimate reliably the value of goods that will be returned and restrict the amount of revenue that is recognised such that it is highly probable that there will not be a reversal of previously recognised revenue when goods are returned.

Seal It Services Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2020

2. Accounting policies *(continued)*

Revenue recognition *(continued)*

Allocating amounts to performance obligations

For most contracts there is a fixed unit price for each product sold. Therefore, there is no judgement involved in allocating the contract price to each unit ordered in such contracts. Where a customer orders more than one product line, the Group is able to determine the split of the total contract price between each product line by reference to each products standalone selling prices.

Interest expense recognition

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

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.

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 USA Subsidiary was translated using the year end rate for consolidation purposes. The following exchange rates were applied for £1 at 31 March:

	2020	2019
United States dollar	1.23995	1.30305

Seal It Services Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2020

2. Accounting policies *(continued)*

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.

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:

Leasehold Property	- 4% Straight Line
Plant & Machinery	- 12.5% - 20% Straight Line
Fixtures & Fittings	- 20% Straight Line
Motor Vehicles	- 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.

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.

Seal It Services Limited**Notes to the financial statements** *(continued)***Year ended 31 March 2020**

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

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. 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.

Seal It Services Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2020

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.

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.

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.

Seal It Services Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2020

2. Accounting policies *(continued)*

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.

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).

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 processes during the period ended 31 March 2020.

New standards, interpretations and amendments effective from 1 January 2019

New standards impacting the Group that will be adopted in the annual financial statements for the year ended 31 March 2020 are:

- IFRS 16 Leases

This standard effective for the first time for periods beginning on or after 1 January 2019 did not have any effect on the Group's financial statements.

Seal It Services Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2020

2. Accounting policies *(continued)*

New standards, interpretations and amendments effective from 1 January 2019 *(continued)*

There are a number of new standards, amendments to new standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early. The most significant of these are as follows, which are all effective for the period beginning 1 January 2020:

- *IAS 1 Presentation of financial statements and IAS 8 Accounting policies, changes in accounting estimates and errors (Amendment – definition of material)*
- *IFRS 3 Business combinations (Amendment – definition of business)*
- *Revised conceptual framework for financial reporting*

The Group is currently assessing the impact of these new accounting standards and amendments.

3. Critical accounting judgements and estimates

The preparation of the Group's financial statements under IFRS requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The directors have considered that the following estimates or judgements likely to have the significant effect on the amounts recognised in the financial statements:

Depreciation of tangible fixed assets

Tangible fixed assets (as detailed in note 11), are depreciated at historical cost using a straight-line method based on the estimated useful life, taking into account any residual value. The asset's residual value and useful life are based on the directors' best estimates and are reviewed, and adjusted if required, at each balance sheet date.

Impairment of Goodwill

The estimate of future cash flows and determination of a suitable discount rate is further discussed in note 10.

Impairment review

In view of the unprecedented COVID-19 pandemic, the management has made a detailed assessment of its liquidity position for the next one year and recoverability of Property, Plant and Equipment, Investments, Trade Receivables and Inventories as at the balance sheet date. In assessing the recoverability, the Company has considered internal and external information up to the date of approval of these financial results and has concluded that there are no material adjustments required in these financial results. However, the impact of the global health pandemic may be different from that estimated at the date of approval of these financial results and the Company will continue to closely monitor any material changes to future economic conditions

Seal It Services Limited

Notes to the financial statements (continued)

Year ended 31 March 2020

4. Revenue from contracts with customers

The Group has disaggregated revenue into various categories in the following table which is intended to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic date.

	2020	2019
	£	£
UK Sales	19,510,229	19,360,836
US sales	1,884,241	1,441,800
EU sales	1,250,962	730,034
Other	169,287	49,740
	<u>22,814,719</u>	<u>21,582,410</u>

All sales relate to goods and the timing of the transfer of goods is on delivery to the customer premises.

5. Expenses by nature

	2020	2019
	£	£
Raw materials and consumables used	13,687,960	13,896,858
Employee costs	3,588,786	3,085,832
Depreciation	814,944	711,594
Other sales expenses	522,040	345,673
Repairs	184,134	178,063
Other cost of sales	196,853	85,445
Transport	1,060,788	948,726
Finance costs	332,722	314,756
Foreign currency gains/(losses)	(27,937)	(25,989)
Other administrative costs	1,019,250	1,060,477
Rent and rates	281,594	181,265
Other income	(26,653)	(56,984)
	<u>21,634,481</u>	<u>20,725,716</u>

6. Employees and directors

Staff members:

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

	2020	2019
	£	£
Number of production staff	48	45
Number of distribution staff	19	12
Number of administrative staff	51	53
Number of management staff	5	4
	<u>123</u>	<u>114</u>

Out of the average staff numbers 17 (2019:11) are employed by the subsidiary Seal It Inc.

Seal It Services Limited

Notes to the financial statements (continued)

Year ended 31 March 2020

6. Employees and directors (continued)

Payroll costs:

The aggregate payroll costs of the above were:

	2020 £	2019 £
Wages and salaries	3,240,417	2,762,756
Employers' national insurance contributions and similar taxes	298,254	270,402
Defined contribution pension cost	50,115	52,674
	<u>3,588,786</u>	<u>3,085,832</u>

Directors' remuneration:

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

	2020 £	2019 £
Remuneration receivable	266,514	237,036
Defined contribution pension cost	12,841	39,690
	<u>279,355</u>	<u>276,726</u>

Remuneration of highest paid director:

	2020 £	2019 £
Remuneration receivable	152,479	112,479
Defined contribution pension costs	7,988	20,583
	<u>160,467</u>	<u>133,062</u>

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

	2020 No.	2019 No.
Money purchase schemes	<u>2</u>	<u>2</u>

Key management compensation:

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

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

	2020 £	2019 £
Remuneration receivable	266,514	237,036
Defined contribution pension cost	12,841	39,690
	<u>279,355</u>	<u>276,726</u>

Retirement benefits:

The Group runs a defined benefit pension scheme for its employees. During the year, the Group made contributions of £50,115 (2019: £52,674).

Seal It Services Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2020

7. Finance costs

	2020 £	2019 £
Interest expense on financial liabilities measured at amortised cost and other similar charges	235,252	218,015
Finance leases (interest portion)	97,470	96,741
	<u>332,722</u>	<u>314,756</u>

8. Auditors remuneration

	2020 £	2019 £
Auditors remuneration:		
- as auditor	20,000	20,000
Other services:		
- taxation services	2,000	2,000
	<u>22,000</u>	<u>22,000</u>

9. Taxation

Major components of tax expense

(a) Analysis of charge in the year

	2020 £	2019 £
Current tax:		
In respect of the year:		
Current tax based on the results for the year at 19% (2019 - 19%)	302,702	222,316
Over provision in prior year	(8,460)	(9,102)
Total current tax	<u>294,242</u>	<u>213,214</u>
Deferred tax:		
Origination and reversal of timing differences	(10,560)	(5,503)
Effect of tax rate change on opening balances	19,094	
Adjustments in respect of prior periods	19,130	7,192
Total tax charge	<u>321,906</u>	<u>214,903</u>

Seal It Services Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2020

9. Taxation *(continued)*

(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 19% (2019 - 19%).

	2020 £	2019 £
Profit before taxation	1,180,238	1,002,229
Profit by rate of corporation tax in UK	224,245	190,424
Expenses not deductible for tax purposes	596	2,821
Surplus of depreciation over capital allowances	25,812	22,922
Adjustments to tax charge in respect of previous periods	(8,460)	(9,102)
Unrelieved foreign tax losses	30,942	—
Deferred tax – fixed asset timing difference	38,224	7,838
Transfer pricing adjustment	10,547	—
Total tax charge	321,906	214,903

10. Intangible assets

	Goodwill £
Cost	—
At 1 April 2019	2,302,342
Additions acquired through business combinations	87,427
At 31 March 2020	2,389,769
Amortisation and impairment	—
At 1 April 2019 and 31 March 2020	—
Carrying amount	
At 31 March 2020	2,389,769
At 31 March 2019	2,302,342

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. Management are of the view that no indicators of impairment were noted as at the 31 March 2020 and this will be re-assessed annually going forward.

Seal It Services Limited

Notes to the financial statements (continued)

Year ended 31 March 2020

10. Intangible assets (continued)

Management reviews the business performance based on operating segments identified as UK & Ireland and the US. Goodwill with indefinite useful lives are monitored by management at operating segment level. All of the goodwill is within the US segment. The recoverable amount of all cash generating units (CGUs) has been determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long term average growth rate for the sealant business in which the CGU operates. The key assumptions used for value in use calculations were as follows:

Compound revenue growth	10%
Long term growth rate	10%
Discount rate	3%

Management determined budgeted gross margin based on past performance and its expectations of market development. The growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments. Management have considered the sensitivity of these assumptions and consider that no reasonable changes in the assumptions would lead to an impairment of the intangible assets.

In the previous year the Group acquired the business and assets of another company. An additional amount of goodwill arose on the acquisition of £87,427.

11. Property, plant and equipment

Group	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
Cost						
At 1 Apr 2019	3,298,566	4,835,134	469,158	105,182	244,475	8,952,515
Additions	23,766	509,827	25,595	18,535	50,851	628,574
Disposals	—	—	—	(15,900)	—	(15,900)
FX	4,505	53,369	—	—	678	58,552
At 31 Mar 2020	3,326,837	5,398,330	494,753	107,817	296,004	9,623,741
Depreciation						
At 1 Apr 2019	382,729	2,640,331	226,585	79,195	190,768	3,519,608
Charge for year	140,347	578,643	44,294	8,272	43,388	814,944
Disposals	—	—	—	(10,335)	—	(10,335)
FX	584	13,168	—	—	535	14,287
At 31 Mar 2020	523,660	3,232,142	270,879	77,132	234,691	4,338,504
Net book value						
At 31 Mar 2020	2,803,177	2,166,188	223,874	30,685	61,313	5,285,237
At 31 Mar 2019	2,915,837	2,194,803	242,573	25,987	53,706	5,432,907

Seal It Services Limited

Notes to the financial statements (continued)

Year ended 31 March 2020

11. Property, plant and equipment (continued)

Group	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
Cost						
At 1 Apr 2018	2,375,762	4,082,397	421,184	105,182	210,698	7,195,223
Additions	916,896	699,698	47,367	—	11,062	1,675,023
Acquisitions	—	—	—	—	22,404	22,404
FX	5,908	53,039	607	—	311	59,865
At 31 Mar 2019	3,298,566	4,835,134	469,158	105,182	244,475	8,952,515
Depreciation						
At 1 Apr 2018	255,252	2,136,529	174,865	69,518	164,643	2,800,807
Charge for year	127,107	497,342	51,720	9,677	25,746	711,594
FX	370	6,460	—	—	380	7,210
At 31 Mar 2019	382,729	2,640,331	226,585	79,195	190,768	3,519,608
Net book value						
At 31 Mar 2019	2,915,837	2,194,803	242,573	25,987	53,706	5,432,907
At 31 Mar 2018	2,120,510	1,945,868	246,319	35,664	46,055	4,394,416

Finance lease commitments

Included within the net book value of £ 5,285,237 is £494,028 (2019: £220,637) 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 £65,656 (2019: £288,231).

Capital commitments

	2020 £	2019 £
Contracted but not provided for in the financial statements	132,000	300,000

Seal It Services Limited

Notes to the financial statements (continued)

Year ended 31 March 2020

11. Property, plant and equipment (continued)

Company	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
Cost						
At 1 Apr 2019	3,210,019	3,952,338	468,551	105,182	209,363	7,945,453
Additions	23,858	417,009	25,595	18,535	50,851	535,848
Disposals	—	—	—	(15,900)	—	(15,900)
At 31 Mar 2020	3,233,877	4,369,347	494,146	107,817	260,214	8,465,401
Depreciation						
At 1 Apr 2019	372,998	2,432,777	226,585	79,195	181,143	3,292,698
Charge for the year	135,855	453,042	44,294	8,272	33,848	675,311
Disposals	—	—	—	(10,335)	—	(10,335)
At 31 Mar 2020	508,853	2,885,819	270,879	77,132	214,991	3,957,674
Net book value						
At 31 Mar 2020	2,725,024	1,483,528	223,267	30,685	45,223	4,507,727
At 31 Mar 2019	2,837,021	1,519,561	241,966	25,987	28,220	4,652,755

Company	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
Cost						
At 1 Apr 2018	2,298,583	3,383,569	421,184	105,182	198,699	6,407,217
Additions	911,436	568,769	47,367	—	10,664	1,538,236
At 31 Mar 2019	3,210,019	3,952,338	468,551	105,182	209,363	7,945,453
Depreciation						
At 1 Apr 2018	250,148	2,046,911	174,865	69,518	159,216	2,700,658
Charge for the year	122,850	385,866	51,720	9,677	21,927	592,040
At 31 Mar 2019	372,998	2,432,777	226,585	79,195	181,143	3,292,698
Net book value						
At 31 Mar 2019	2,837,021	1,519,561	241,966	25,987	28,220	4,652,755
At 31 Mar 2018	2,048,435	1,336,659	246,319	35,664	39,482	3,706,559

Seal It Services Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2020

11. Property, plant and equipment *(continued)*

Finance lease commitments

Included within the net book value of £4,507,727 is (2019: £220,637) 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 £65,656 (2019: £288,231).

Capital commitments

	2020 £	2019 £
Contracted but not provided for in the financial statements	132,000	300,000

Bank borrowings are secured over the freehold property known as Units G16, G17 and G18 and asset Finance is subject to title of the assets.

12. Investments

Company	Group companies £
Cost	
At 1 April 2019	542,340
Additions	—
Disposals	—
Net book value	
At 31 March 2020	542,340
At 31 March 2019	542,340

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.

Seal It Services Limited

Notes to the financial statements (continued)

Year ended 31 March 2020

13. Inventories

Group	2020 £	2019 £
Raw materials	1,336,799	1,616,351
Work in progress	34,237	51,067
Finished goods	1,431,627	1,379,642
	<u>2,802,663</u>	<u>3,047,060</u>

The cost of inventories recognised as expenses and included in cost of sales amounted to £13,687,960 (2019: £13,896,858).

Company	2020 £	2019 £
Raw materials	1,261,644	1,436,151
Work in progress	28,026	42,519
Finished goods	1,303,450	1,241,065
	<u>2,593,120</u>	<u>2,719,735</u>

14. Trade and other receivables

Group	2020 £	2019 £
Trade receivables	4,295,233	4,377,798
Less: provision for impairment of trade receivables	(36,799)	(39,571)
Trade receivables – net	<u>4,258,434</u>	<u>4,338,227</u>
Total financial assets other than cash and cash equivalents classified as amortised cost	4,258,434	4,338,227
Other receivables	389,186	222,872
Prepayments and accrued income	165,620	123,808
Total trade and other receivables	<u>4,813,240</u>	<u>4,684,907</u>

All trade and receivables are due within one year. 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.

Seal It Services Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2020

14. Trade and other receivables *(continued)*

The carrying value of trade and other receivables classified at amortised cost approximates fair value.

At 31 March 2020, £2,148,035 (2019: £3,402,180) had been sold to a provider of invoice discounting and debt factoring services. The Group is committed to underwrite any of the debts transferred and therefore continues to recognise the debts sold within trade receivables until the debtors repay or default. Since the trade receivables continue to be recognised, the business model of the Group is not affected.

The expected loss rates are based on the Group's historical credit losses experienced over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors in the countries where the Group operates.

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

	2020	2019
	£	£
Sterling	3,965,847	4,326,725
US Dollars	292,587	358,182
	<u>4,258,434</u>	<u>4,684,907</u>

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

	2020	2019
	£	£
At 1 April 2019	39,571	10,975
(Decrease)/ Increase in provision for receivables impairment	(2,772)	28,596
At 31 March 2020	<u>36,799</u>	<u>39,571</u>

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

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

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

At 31 March 2020, trade receivables of £Nil (2019: £27,009) were past due but not impaired.

Seal It Services Limited

Notes to the financial statements (continued)

Year ended 31 March 2020

14. Trade and other receivables (continued)

The ageing analysis of these trade receivables is as follows:

	2020 £	2019 £
Up to 3 months	–	–
3 to 6 months	–	27,009
Over 6 months	–	–
At 31 March	<u>–</u>	<u>27,009</u>

At 31 March 2020, trade receivables of £36,799 (2019: £39,571) were impaired. The ageing analysis of these trade receivables is as follows:

	2020 £	2019 £
Up to 3 months	2,683	–
3 to 6 months	34,116	39,571
Over 6 months	–	–
At 31 March	<u>36,799</u>	<u>39,571</u>

Company

	2020 £	2019 £
Trade receivables	3,989,642	4,047,446
Less: provision for impairment of trade receivables	(23,795)	(31,801)
Trade receivables – net	<u>3,965,847</u>	<u>4,015,645</u>
Receivables from group companies	<u>3,966,426</u>	<u>3,728,568</u>
Total financial assets other than cash and cash equivalents classified as amortised cost	<u>7,923,273</u>	<u>7,744,213</u>
Other receivables	389,186	211,673
Prepayments and accrued income	155,646	99,407
Total trade and other receivables	<u>8,477,105</u>	<u>8,055,293</u>
Less: non-current portion – receivables from group companies	3,728,568	3,728,568
Current Portion	<u>4,748,537</u>	<u>4,326,725</u>

Current 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.

Seal It Services Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2020

14. Trade and other receivables *(continued)*

The amounts receivable from group companies are due for repayment after one year from 31 March 2020. The terms of the loan carry an interest charge of 3%, £59,205, which has been charged to the company profit and loss during the year.

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

	2020 £	2019 £
Sterling	4,510,679	4,326,725
US Dollars	3,966,426	3,728,568
	<u>8,477,105</u>	<u>8,055,293</u>

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

	2020 £	2019 £
At 1 April 2019	31,801	10,975
(Decrease)/increase in provision for receivables impairment	(8,006)	20,826
At 31 March 2020	<u>23,795</u>	<u>31,801</u>

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

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

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

At 31 March 2020, trade receivables of £13,062 (2019: £23,527) 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:

	2020 £	2019 £
Up to 3 months	–	–
3 to 6 months	13,062	23,527
Over 6 months	–	–
At 31 March	<u>13,062</u>	<u>23,527</u>

Seal It Services Limited

Notes to the financial statements (continued)

Year ended 31 March 2020

14. Trade and other receivables (continued)

At 31 March 2020, trade receivables of £23,795 (2019: £31,801) were impaired. The ageing analysis of these trade receivables is as follows:

	2020 £	2019 £
Up to 3 months	–	–
3 to 6 months	23,795	31,801
Over 6 months	–	–
At 31 March	<u>23,795</u>	<u>31,801</u>

15. Cash and cash equivalents

Group

	2020 £	2019 £
Cash and cash equivalents	<u>73,519</u>	<u>856,184</u>

Cash and cash equivalents are denominated in either £ Sterling or \$ USD. Included within cash and cash equivalents is an overdraft balance of £37,835 denominated in £ Sterling and £111,354 denominated in \$ USD.

Company

	2020 £	2019 £
Cash and cash equivalents	–	830,201
Bank Overdraft	<u>(37,835)</u>	<u>–</u>
	<u>(37,835)</u>	<u>830,201</u>

All cash and cash equivalents are denominated in £ Sterling.

16. Loans and borrowings

Group

	2020 £	2019 £
Non-current		
Bank borrowings	1,447,802	1,918,896
Loans from parent company	3,383,568	2,940,147
Finance leases	155,815	93,326
Total non-current loans and borrowings	<u>4,987,185</u>	<u>4,952,369</u>

Seal It Services Limited

Notes to the financial statements (continued)

Year ended 31 March 2020

16. Loans and borrowings (continued)

	2020 £	2019 £
Current		
Bank borrowings	2,764,158	3,792,149
Finance leases	147,911	127,311
Total current loans and borrowings	2,912,069	3,919,460
Total loans and borrowings	7,899,254	8,871,829

£668,374 (2019: £862,084) of the loans and borrowings are denominated in \$ USD with all other amounts denominated in £ Sterling. Finance leases are secured against the assets which they were used to acquire. The interest rate profile of interest bearing borrowings is as follows:

	2020		2019	
	Debt £	Interest %	Debt £	Interest %
Non-current				
Bank borrowings	1,447,802	2.3%	1,918,896	2.3%
Loans from parent company	3,383,568	3.0%	2,940,147	3.0%
Finance leases	155,815	10.0%	93,326	10.0%
	<u>4,987,185</u>		<u>4,952,369</u>	
Current				
Bank borrowings	2,764,158	2.3%	3,792,149	2.3%
Finance leases	147,911	10.0%	127,311	10.0%
	<u>2,912,069</u>		<u>3,919,460</u>	

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

	2020		2019	
	Debt £	Fair value £	Debt £	Fair value £
Non-current				
Bank borrowings	1,447,802	1,254,161	1,918,896	1,658,146
Loans from parent company	3,383,568	2,931,970	2,940,147	2,547,731
Finance leases	155,815	128,773	93,326	77,129
	<u>4,987,185</u>	<u>4,314,904</u>	<u>4,952,369</u>	<u>4,283,006</u>
Current				
Bank borrowings	2,764,158	2,764,158	3,792,149	3,792,149
Finance leases	147,911	147,911	127,311	127,311
	<u>2,912,069</u>	<u>2,912,069</u>	<u>3,919,460</u>	<u>3,919,460</u>

Seal It Services Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2020

16. 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:

	2020 £	2019 £
Less than one year	2,912,069	3,919,460
Between one and five years	4,444,338	4,481,385
Over five years	542,847	470,984
Total loans and borrowings	<u>7,899,254</u>	<u>8,871,829</u>
Company		
	2020 £	2019 £
Non-current		
Bank borrowings	1,447,802	1,918,896
Loans from parent company	3,383,568	2,940,147
Finance leases	155,815	93,326
Total non-current loans and borrowings	<u>4,987,185</u>	<u>4,952,369</u>
	2020 £	2019 £
Current		
Bank overdraft	37,835	—
Bank borrowings	2,764,158	3,792,149
Finance leases	147,911	127,311
Total current loans and borrowings	<u>2,949,904</u>	<u>3,919,460</u>
Total loans and borrowings	<u>7,937,089</u>	<u>8,871,829</u>

£668,374 (2019: £834,859) of the loans and borrowings are denominated in \$ USD with all other amounts denominated in £ Sterling.

Seal It Services Limited

Notes to the financial statements (continued)

Year ended 31 March 2020

16. Loans and borrowings (continued)

Finance leases are secured against the assets which they were used to acquire. The interest rate profile of interest bearing borrowings is as follows:

	2020		2019	
	Debt £	Interest %	Debt £	Interest %
Non-current				
Bank borrowings	1,447,802	2.3%	1,918,896	2.3%
Loans from Group undertakings	3,383,568	3.0%	2,940,147	3.0%
Finance leases	155,815	10.0%	93,326	10.0%
	<u>4,987,185</u>		<u>4,952,369</u>	
Current				
Bank overdraft	37,835	0.0%	-	-
Bank borrowings	2,764,158	2.3%	3,792,149	2.3%
Finance leases	147,911	10.0%	127,311	10.0%
	<u>2,949,904</u>		<u>3,919,460</u>	

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

	2020		2019	
	Debt £	Fair value £	Debt £	Fair value £
Non-current				
Bank borrowings	1,447,802	1,254,161	1,918,896	1,658,146
Loans from parent company	3,383,568	2,931,970	2,940,147	2,547,731
Finance leases	155,815	128,773	93,326	77,129
	<u>4,987,185</u>	<u>4,314,904</u>	<u>4,952,369</u>	<u>4,283,006</u>
Current				
Bank overdraft	37,835	37,835	-	-
Bank borrowings	2,764,158	2,764,158	3,792,149	3,792,149
Finance leases	147,911	147,911	127,311	127,311
	<u>2,949,904</u>	<u>2,949,904</u>	<u>3,919,460</u>	<u>3,919,460</u>

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

Seal It Services Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2020

16. Loans and borrowings *(continued)*

The maturity profile of loans and borrowings is as follows:

	2020 £	2019 £
Less than one year	2,949,904	3,919,460
Between one and five years	4,444,338	4,481,385
Over five years	542,847	470,984
Total loans and borrowings	<u>7,937,089</u>	<u>8,871,829</u>

Bank borrowings for the company and group are secured by the following:

- First legal mortgage over the freehold property known as Units G16, G17 and G18.
- Debenture comprising fixed and floating charges over all the assets and undertakings the Parent company including all present and future freehold and leasehold property, book and other debts chattels, goodwill both present and future.
- General letter of pledge given by the Parent Company.
- Contact monies charge given by the Parent Company.
- Loan Postponement form given by Astral Poly Technik Limited.
- Unlimited multilateral cross company guarantee given by the Parent company and the Subsidiary.
- Parent Company Guarantee given by Astral Poly Technik Ltd to secure the Business Loan of \$1,381,250.

Seal It Services Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2020

17. Trade and other payables

Group	2020	2019
	£	£
Current		
Trade payables	1,664,091	2,730,504
Other payables	167,042	5,730
Accruals	532,920	411,216
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	2,364,053	3,147,450
Corporation tax	191,350	157,939
Other taxation and social security	448,023	465,614
Total trade and other payables	3,003,426	3,771,003
 Company		
	2020	2019
	£	£
Current		
Trade payables	1,582,562	2,566,671
Other payables	148,442	5,730
Accruals	513,452	386,064
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	2,244,456	2,958,465
Corporation tax	191,350	157,939
Other taxation and social security	448,023	459,157
Total trade and other payables	2,883,829	3,575,561

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

Seal It Services Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2020

18. Deferred taxation

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

	Group and company	
	2020	2019
	£	£
Provision brought forward	143,170	141,181
Increase/ (Decrease) in provision	27,664	1,989
Provision carried forward	<u>170,834</u>	<u>143,170</u>

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

	2020		2019	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Group and Company				
Excess of taxation allowances over depreciation on fixed assets	170,834	–	143,170	–

19. Share capital

Group and Company

Allotted, called up and fully paid:

	2020		2019	
	No	£	No	£
X Ordinary shares of £1 each	80	80	80	80
Y Ordinary shares of £1 each	20	20	20	20
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

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

20. 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.

Seal It Services Limited**Notes to the financial statements** *(continued)***Year ended 31 March 2020****20. Reserves** *(continued)*

	Foreign exchange reserve £	Retained earnings £
Group		
Balance at 1 April 2019	(43,631)	3,580,929
Profit for the year	—	858,332
Foreign exchange reserve	(104,816)	—
Balance at 31 March 2020	<u>(148,447)</u>	<u>4,439,261</u>
	Foreign exchange reserve £	Retained earnings £
Group		
Balance at 1 April 2018	(94,932)	2,939,138
Profit for the year	—	641,791
Foreign exchange reserve	51,301	—
Balance at 31 March 2019	<u>(43,631)</u>	<u>3,580,929</u>
	Foreign exchange reserve £	Retained earnings £
Company		
Balance at 1 April 2019	82,266	4,127,398
Profit for the year	—	1,028,824
Foreign exchange reserve	(110,048)	—
Balance at 31 March 2020	<u>(27,782)</u>	<u>5,156,222</u>
	Foreign exchange reserve £	Retained earnings £
Company		
Balance at 1 April 2018	118,437	3,253,023
Profit for the year	—	874,375
Foreign exchange reserve	(36,171)	—
Balance at 31 March 2019	<u>82,266</u>	<u>4,127,398</u>

In accordance with the exemption allowed by Section 408 of the Companies Act 2006 the company has not presented its own profit and loss account.

Seal It Services Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2020

21. 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 2020 the provision for impairment of trade and other receivables totalled £36,799. At 31 March 2020, there were no trade and other receivables which were considered past due but not impaired.

Market risk

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

Liquidity risk

The Group has given responsibility of liquidity risk management to the board who have formulated liquidity management tools to service this requirement. Monitoring budgets and forecasts and actual cash flows achieve management of liquidity risk.

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 & 5 years £	Over 5 years £
At 31 March 2020			
Loans and borrowings	2,912,069	4,444,338	542,847
Accruals	532,920	–	–
Trade payables	1,664,091	–	–
	<u>5,109,080</u>	<u>4,444,338</u>	<u>542,847</u>

Seal It Services Limited

Notes to the financial statements (continued)

Year ended 31 March 2020

21. Financial instruments – risk management (continued)

	Less than 1 year £	Between 1 and 3 years £	Between 3 and 5 years £	Over 5 years £
At 31 March 2019				
Accruals	411,216	–	–	–
Loans and borrowings	3,919,460	1,082,895	3,398,490	470,984
Trade payables	2,730,504	–	–	–
	<u>7,061,180</u>	<u>1,082,895</u>	<u>3,398,490</u>	<u>470,984</u>

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.

22. Financial instruments

a) By category

	2020 £	2019 £
Financial assets		
Cash and cash equivalents	73,519	856,184
Trade receivables	<u>4,258,434</u>	<u>4,338,227</u>
	<u>4,331,953</u>	<u>5,194,411</u>

	2020		2019	
	Financial liabilities at amortised cost £	Financial liabilities at fair value £	Financial liabilities at amortised cost £	Financial liabilities at fair value £
Financial liabilities				
Trade payables	1,664,091	–	2,730,504	–
Accruals	532,290	–	411,216	–
Loans from Group undertakings	3,383,568	–	2,940,147	–
Bank borrowings	4,211,960	–	5,711,045	–
Finance leases	303,726	–	220,637	–
	<u>10,095,635</u>	<u>–</u>	<u>12,013,549</u>	<u>–</u>

b) Analysis of Fair values

	2020 £	2019 £
Financial assets		
Cash and cash equivalents	73,519	856,184
Trade and other receivables	<u>4,258,434</u>	<u>4,338,227</u>
	<u>4,331,953</u>	<u>5,194,411</u>

Seal It Services Limited

Notes to the financial statements (continued)

Year ended 31 March 2020

22. Financial instruments (continued)

	2020		2019	
	Financial liabilities at amortised cost £	Fair values £	Financial liabilities at amortised cost £	Fair values £
Financial liabilities				
Trade and other payables (excluding non-financial liabilities)	2,364,053	2,364,053	3,147,450	3,147,450
Loans from Group undertakings	3,383,568	2,931,970	2,940,147	2,535,145
Bank borrowings	4,211,960	4,018,319	5,711,045	4,882,014
Finance leases	303,726	276,684	220,637	210,441
	<u>10,263,307</u>	<u>9,591,026</u>	<u>12,019,279</u>	<u>10,775,050</u>

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

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

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

23. Leases

Group and Company

Commitments under finance lease agreements

Future commitments under finance lease agreements are as follows:

	2020 £	2019 £
Amounts payable within 1 year	160,564	127,311
Amounts payable between 1 and 2 years	159,495	93,326
	<u>320,059</u>	<u>220,637</u>
Less interest and finance charges relating to future periods	(16,333)	(10,196)
Present value of finance lease liabilities	<u>303,726</u>	<u>210,441</u>

The present value of finance lease liabilities is as follows:

	2020 £	2019 £
No later than 1 year	147,911	120,661
Later than 1 year and no later than 5 years	155,815	89,780
	<u>303,726</u>	<u>210,441</u>

Seal It Services Limited**Notes to the financial statements** *(continued)***Year ended 31 March 2020****24. Related party transactions**

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

	2020	2019
	£	£
Astral Poly Technik Limited	3,383,568	2,940,147

The increase in amounts owed to Astral Poly Technik Limited, the parent Company, result from further loans of £473,785. Loans were made on an arm's length basis. During the year accrued interest charges amounted to £113,874 and repayments in the period amounted to £144,238.

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 of which £100,000 was paid during the year and £50,000 to be paid in August 2020 and £50,000 in April 2021 provided certain criteria are met. £20,000 of this has been accrued at year end.

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

25. Prior year balances

Certain prior year balances have been reclassified for comparative purposes.

26. Ultimate parent company

The immediate and ultimate 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.