

RESINOVA CHEMIE LIMITED

Financial Statements

For FY 2017 -18

INDEPENDENT AUDITOR'S REPORT

To the Members of Resinova Chemie Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Resinova Chemie Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, 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 a summary of significant accounting policies and other explanatory information (herein referred to as "Ind AS financial statements").

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with 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 control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to Note 2(v) 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 (i.e., 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.

Other Matter

The Ind AS financial statements of the Company for the corresponding year ended March 31, 2017, included in these Ind AS financial statements were audited by the predecessor auditor who expressed an unmodified opinion on those financial statements on May 10, 2017.

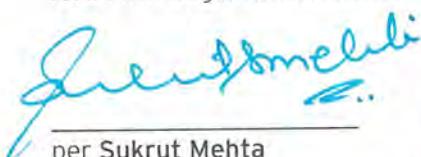
Report on Other Legal and Regulatory Requirements

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, 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 purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, 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 the Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report; and
- (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 has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer Note 32 to the 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; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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



per Sukrut Mehta
Partner
Membership Number: 101974



Place of Signature: Ahmedabad
Date: May 23, 2018

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, 2018

- (i) a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified 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) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnership or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of sections 185 and 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of section 73 to 76 of the Act and the Companies (Acceptance of deposits) rules, 2014 (as amended). Accordingly, the provision 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 various types 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.
- (vii) a) Undisputed statutory dues including provident fund, income-tax, custom duty, excise duty, sales-tax, service tax, value added tax, cess, employees' state insurance and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. The provisions relating to custom duty and excise duty are not applicable to the Company.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, service tax, sales-tax, value added tax, employees' state insurance, 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	Amount (INR in lacs)	Period to which the amount relates	Forum where the dispute is pending	Remarks, if any
Central Excise Act, 1944	Excise duty	2.27	FY 2014-15 , FY 2016-17 & FY 2017-18	Assistant Commissioner Central Excise	Company has deposited INR 0.17 lacs as a part deposit.



					Iacs as a part deposit.
West Bengal Sales Tax Act	Sales Tax	2.82	FY 2005-06	Tax Tribunal	
West Bengal Sales Tax Act	Sales Tax	7.11	FY 2006-07 & 2014-15	Tax Board	
West Bengal Entry Tax Act	Entry Tax	53.29	FY 2014-15	High Court (west Bengal)	
West Bengal Sales Tax Act	Sales Tax	0.095	FY 2017-18	Assistant commissioner Commercial Tax	The entire amount is deposited.
Provident Fund Act, 1952	Provident Fund	3.95	FY 2009-10	Assistant Provident Fund Commissioner	INR 1 lacs is deposited.
UP Stamp Act,	Stamp Duty	7.04	FY 2007-08	High court Allahabad	INR 2.4 lacs deposited as security deposit.

(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 utilized the monies raised by way of term loans and debts instruments for the purpose for which they were raised. The Company has not raised any money by way of initial public offer / further public offer 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.

(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 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.



S R B C & CO LLP

Chartered Accountants

(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 Sukrut Mehta
Partner
Membership Number: 101974

Place of Signature: Ahmedabad
Date: May 23, 2018



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, 2018 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 Act.

Auditor's Responsibility

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that



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

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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 & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003


per Sukrut Mehta
Partner
Membership Number: 101974

Place of Signature: Ahmedabad
Date: May 23, 2018



RESINOVA CHEMIE LIMITED
BALANCE SHEET AS AT MARCH 31, 2018

(Rs. In lacs)

Particulars	Notes	As at 31st Mar, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3 (A)	12,485.80	7,478.85
(b) Capital work-in-progress		847.23	626.84
(c) Goodwill	3 (B)	13,390.93	17,068.65
(d) Other intangible assets	3 (B)	82.04	2.22
(e) Financial assets			
(i) Loans	4	18.68	33.42
(ii) Other financial assets	5	66.90	69.43
(f) Deferred tax assets (Net)	6	-	11.63
(g) Other non-current assets	7	67.04	460.08
Total non-current assets		26,958.62	25,751.12
Current assets			
(a) Inventories	8	7,029.70	6,290.90
(b) Financial assets			
(i) Trade receivables	9	6,128.10	4,382.14
(ii) Cash and cash equivalents	10	386.55	161.15
(iii) Bank balances other than (ii) above	11	13.45	13.34
(iv) Loans	4	19.06	15.07
(v) Other financial assets	5	30.48	14.00
(c) Current tax assets (Net)	12	528.77	527.35
(d) Other current assets	7	758.02	318.79
Total current assets		14,894.13	11,722.74
Total assets		41,852.75	37,473.86
EQUITY AND LIABILITIES			
(a) Equity share capital	13	29.39	29.39
(b) Other equity	14	32,362.23	30,452.91
Total equity		32,391.62	30,482.30
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	2,596.34	451.25
(b) Provisions	16	113.64	67.89
(c) Deferred tax liabilities (Net)	6	332.76	-
Total non-current liabilities		3,042.74	519.14
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	-	1,014.52
(ii) Trade payables	17	5,145.37	3,601.58
(iii) Other financial liabilities	18	674.43	394.78
(b) Other current liabilities	19	334.48	1,381.04
(c) Provisions	16	85.80	80.50
(d) Current tax liabilities (Net)	20	178.31	-
Total current liabilities		6,418.39	6,472.42
Total liabilities		9,461.13	6,991.56
Total equity and liabilities		41,852.75	37,473.86

See accompanying notes to the financial statements

As per report of even date

For S R B C & CO LLP

ICAI Firm Registration No.: 324982E/E300003
Chartered Accountants

Sukrut Mehta

Partner

Membership No.: 101974

Place : Ahmedabad

Date : May 23 , 2018



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

DIN:U24295GJ2009PLG058120

(Sandeep P. Engineer)

Managing Director

DIN : 00067112

Place : Ahmedabad

Date : May 23 , 2018

(Kairav S. Engineer)

Director

DIN : 03383621

RESINOVA CHEMIE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

Particulars	Notes	Year ended March 31, 2018	Year ended March 31, 2017	(Rs. In lacs)
Revenue from operations	21	39,608.80	38,039.41	
Other income	22	194.69	138.20	
	Total	39,803.49	38,177.61	
Expenses				
Cost of materials consumed	23	23,544.58	20,737.70	
Purchase of stock-in-trade	24	25.43	214.33	
Changes in inventories of finished goods, stock-in-trade and work-in-progress	25	255.76	(846.75)	
Employee benefits expense	26	2,654.10	2,402.89	
Finance costs	27	271.52	198.16	
Depreciation and amortization expense	28	4,195.89	4,035.60	
Excise duty on sale of goods		1,211.01	6,132.49	
Other expenses	29	4,789.53	4,445.25	
	Total	36,947.82	37,319.67	
Profit before tax		2,855.67	857.94	
Tax expense	30			
a) Current tax		610.87	164.40	
b) Mat Credit Entitlement		(628.45)	(164.40)	
c) Deferred tax		972.84	381.89	
		955.26	381.89	
Profit for the year		1,900.41	476.05	
Other comprehensive income				
Items that will not be reclassified to profit or loss				
- Remeasurements gain/(loss) on defined benefit plans		8.91	(29.60)	
Total other comprehensive income		8.91	(29.60)	
Total comprehensive income for the year		1,909.32	446.45	
Earnings per equity share	31			
- Basic (in Rs.)		646.63	161.98	
- Diluted (in Rs.)		646.63	161.98	

See accompanying notes to the financial statements

As per report of even date

For S R B C & CO LLP

ICAI Firm Registration No.: 324982E/E300003

Chartered Accountants


Sukrut Mehta

Partner

Membership No.: 101974

Place : Ahmedabad

Date : May 23, 2018



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

CIN: U24295GJ2009PLC058120

(Sandeep P. Engineer)

Managing Director

DIN : 00067112

Place : Ahmedabad

Date : May 23, 2018

(Kairav S. Engineer)

Director

DIN : 03383621



RESINOVA CHEMIE LIMITED
STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2018

(Rs. In Lacs)

Sr No.	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
A.	Cash flow from Operating Activities		
	Profit before tax	2,855.67	857.94
	Adjustments for:		
	Depreciation and amortisation	4,195.89	4,035.60
	Bad Debts occurred	0.02	27.38
	Finance Costs	271.52	198.16
	Provision for doubtful debts	80.00	4.70
	Debit Balances Written off	-	13.85
	(Profit)/Loss on Sale of Property, Plant and Equipment (Net)	10.69	12.46
	Gain On sale of Current Investments	(3.87)	-
	Interest Income	(1.17)	(1.13)
	Net Unrealised foreign exchange loss/(gain)	68.98	2.28
	Operating profit before Working Capital Changes	7,477.73	5,151.24
	Changes in working capital:		
	Increase/(Decrease) in Trade Payables, financial liabilities other liabilities and provisions	657.40	804.98
	(Increase)/Decrease in Inventories	(738.80)	(1,170.57)
	(Increase)/Decrease in Trade receivables, financial assets and other assets	(2,251.78)	(2,612.87)
	Cash generated from operations	5,144.55	2,172.78
	Income taxes paid	(433.98)	(45.23)
	Net Cash generated from Operating Activities (A)	4,710.57	2,127.55
B.	Cash flow from Investing Activities		
	Proceeds from Sale of property, plant and equipment	27.59	1.63
	Capital Expenditure on property, plant and equipment and intangible assets	(5,525.24)	(3,508.41)
	Gain On sale of Current Investments	3.87	-
	Interest received	0.21	1.22
	Loans received	10.75	6.00
	Increase/(Decrease) in other balances with banks	(0.11)	(2.08)
	Net Cash Flow used in Investing Activities (B)	(5,482.93)	(3,501.64)
C.	Cash Flow from Financing Activities		
	Repayment of Short term Borrowings	(1,014.52)	-
	Repayment of Long term Borrowings	(40.00)	-
	Proceeds From Long Term Borrowing	2,321.34	475.01
	Proceeds From Short Term Borrowing	-	1,014.52
	Finance Cost	(269.11)	(193.44)
	Net Cash flow from Financing Activities (C)	997.71	1,296.09
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	225.35	(78.00)
	Cash and cash equivalents at the beginning of the year (Note 10)	161.15	239.15
	Effect of exchange differences on restatement of foreign currency cash and cash equivalents	0.05	-
	Cash and Cash Equivalents at the end of the year (Note 10)	386.55	161.15

Changes in liabilities arising from financing activities

(Rs. in lacs)

Particulars	Non-current	Current	Total
Balance as at 31 March 2017	475.00	1,014.52	1,489.52
Cash flows	2,281.34	(1,014.52)	1,266.82
Balance as at 31 March 2018	2,756.34	-	2,756.34

See accompanying notes to the financial statements

As per report of even date

For S R B C & CO LLP

ICAI Firm Registration No.: 324982E/E300003

Chartered Accountants

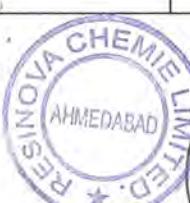
Sukrut Mehta

Partner

Membership No.: 101974

Place : Ahmedabad

Date : May 23, 2018



For and on behalf of the Board of Directors of

Resinova Chemie Limited

CIN: U24295GJ2009PLC058120

(Sandip P. Engineer)

Managing Director

DIN : 00067112

Place : Ahmedabad

Date : May 23, 2018

(Kairav S. Engineer)

Director

DIN : 03105129



RESINOVA CHEMIE LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

A Equity share capital (Note 13)

Particulars	(Rs in lacs)
Amount	
Balance at April 1, 2016	29.39
Add: movement during the year	-
Balance at March 31, 2017	29.39
Add: movement during the year	-
Balance at March 31, 2018	29.39

B Other Equity

Particulars	Other Equity (Note 14)		Total Other Equity
	Securities premium reserve	Retained earnings	
Balance at April 1, 2016	30,477.12	(470.66)	30,006.46
Profit for the year	-	476.05	476.05
Other comprehensive income for the year, net of income tax	-	(29.60)	(29.60)
Total comprehensive income for the year	-	446.45	446.45
Balance at March 31, 2017	30,477.12	(24.21)	30,452.91
Profit for the year		1,900.41	1,900.41
Other comprehensive income for the year, net of income tax		8.91	8.91
Total comprehensive income for the year	-	1,909.32	1,909.32
Balance at March 31, 2018	30,477.12	1,885.11	32,362.22

See accompanying notes to the financial statements

As per report of even date

For S R B C & CO LLP

ICAI Firm Registration No.: 324982E/E300003
Chartered Accountants

Sukrut Mehta
Sukrut Mehta
Partner
Membership No.: 101974
Place : Ahmedabad
Date : May 23, 2018



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

(Sandeep P. Engineer)
(Sandeep P. Engineer)
Managing Director
DIN : 00067112
Place : Ahmedabad
Date : May 23, 2018

(Kairav S. Engineer)
(Kairav S. Engineer)
Director
DIN : 03383621

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 23, 2018.

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 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.



c) Use of Estimates

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

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

d) Inventories

Inventories are stated at lower of cost on weighted average basis and net realizable value after providing for obsolescence and other losses, where considered necessary. Cost includes cost of purchase and other expenses incurred in bringing the inventories to their present location and condition. Cost includes all charges in bringing the goods to the point of sale, including receiving charges, octroi and other levies and transit insurance. 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.

e) 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.

f) Revenue Recognition

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, related discounts & incentives and volume rebates. It includes excise duty and excludes value added tax/ sales tax and goods and Service Tax (GST). Excise duty is a liability of the manufacturer which forms part of the cost of production, irrespective of whether goods are sold or not. Since the recovery of the excise duty flows to the company on its own account, revenue includes excise duty.

Interest Income

Interest income from financial assets is recognized when it is probable that the economic benefit will flow to the Group 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.

g) Property, plant and equipment

Land is carried at historical cost. Properties, Plant & Equipment are stated at actual cost less accumulated depreciation and net of impairment. 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 recognized impairment loss. 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 derecognized 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 recognized in the statement of profit and loss.

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 other than land and properties under construction 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.

h) Intangible assets

Intangible assets acquired separately

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

Derecognition of intangible assets

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

Useful lives of intangible assets

Intangible assets are amortized over their estimated useful life on a straight line basis over a period of 5 years except Assets like Goodwill arising out of Scheme of Amalgamation, which is amortized over 7 years since in the opinion of the management the benefits will be available for that period.

Transition to Ind AS

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



i) **Leasing**

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

Company as a lessee

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

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

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

Company as a lessor

Rental income from operating leases is generally recognized on a straight line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognized in the year in which such benefits accrue. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight line basis over the lease term.

j) **Foreign Currency Transactions**

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

Exchange differences arising on monetary items are recognized in the statement of profit and loss in the period in which they arise.

k) **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 recognized in other comprehensive income in the period in which they occur. Remeasurement recognized 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 recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

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

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

Short-term employee benefits:

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

Long-term employee benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognized as a liability at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the balance sheet date.

Share based payment:

Equity settled share based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

I) Borrowing costs

Borrowing cost includes interest, amortization 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 recognized in the statement of profit and loss in the period in which they are incurred.

m) 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.

n) 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.

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.

a) 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.

p) 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.

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.

q) 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 recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in the statement of profit and loss immediately.

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

r) 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 recognizes 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.

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

s) **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.

v) **Business Combination**

The Company has opted to claim exemption under Ind AS 101 "First Time Adoption of Indian Accounting Standards" and decided not to apply Ind AS 103 "Business Combination" retrospectively for past Business Combinations. Further 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 recognized 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

As described in Note 2(g), the Company reviews the estimated useful lives and residual values of property, plant and equipment 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.

ii. Allowances for doubtful debts

As described in Note 9, the Company makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables. The identification of doubtful debts requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

iii. Fair value measurement of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions. Information about the fair value of various assets and liabilities are disclosed in Note 35.



3 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

(Rs. In lacs)

Sr No	Assets	GROSS CARRYING AMOUNT			ACCUMULATED DEPRECIATION AND AMORTIZATION			NET CARRYING AMOUNT		
		As at April 1, 2017	Additions	Disposals	As at March 31, 2018	As at April 1, 2017	For the Year	Disposals	As at March 31, 2018	As at March 31, 2017
Cost or deemed cost										
A. TANGIBLE ASSETS										
a Land		1,761.86	1,021.46	-	2,783.32	-	-	-	2,783.32	1,761.86
b Buildings		(599.20)	(1,162.66)	(1,761.86)	-	-	-	-	(1,761.86)	(599.20)
c Plant and Equipments		1,769.38	689.45	-	2,458.83	102.68	81.29	-	183.97	2,274.86
d Furniture and Fixtures		(1,157.91)	(611.47)	-	(1,769.38)	(47.11)	(55.57)	-	(102.68)	(1,666.70)
e Vehicles		3,905.45	3,695.89	21.88	7,579.46	364.92	333.14	2.87	695.19	6,884.27
f Computers and Office Equipments		(2,422.21)	(1,496.59)	(13.35)	(3,905.45)	(141.71)	(226.34)	(3.13)	(364.92)	(3,540.53)
Total (A)		71.93	8.42	0.01	80.34	12.99	9.89	0.01	22.87	57.47
		(54.82)	(17.15)	(0.04)	(71.93)	(5.09)	(7.90)	-	(12.99)	(58.94)
		(79.37)	(40.71)	(3.87)	(116.21)	37.54	1.81	151.94	40.87	27.92
						(18.79)	(24.36)	(2.28)	(40.87)	(75.34)
										(60.58)
		8,069.82	5,536.08	36.54	13,569.36	590.97	502.00	9.41	1,083.56	12,485.80
		(4,641.47)	(3,449.66)	(21.31)	(8,069.82)	(241.5)	(355.43)	(7.21)	(590.97)	(7,478.85)
B. INTANGIBLE ASSETS										
a Computer software		5.29	95.99	-	101.28	3.07	16.17	-	19.24	82.04
b Goodwill		(5.29)	-	-	(5.29)	(1.62)	(1.45)	-	(3.07)	(2.22)
Total (B)		24,424.08	-	-	24,424.08	7,355.43	3,677.72	-	11,033.15	13,390.93
		(24,424.08)	-	-	(24,424.08)	(3,677.71)	(3,677.72)	-	(7,355.43)	(17,068.65)
		24,429.37	95.99	-	24,525.36	7,358.50	3,693.89	-	11,052.39	13,472.97
		(24,429.37)	-	-	(24,429.37)	(3,679.33)	(3,679.17)	-	(7,358.50)	(17,070.87)
										3,679.33

Notes :

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

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

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

b Pursuant to enactment of the Companies Act,2013 ("The Act") effective from April 1, 2014, the company has reassessed the useful life of its fixed assets and has computed depreciation as provided in Schedule II of the Companies Act, 2013.

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

d Figures in the brackets are of Previous Year.



4 LOANS

(Rs. In Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Non-current (Unsecured, considered good)		
Loans and Advances to Employees	18.68	33.42
Total	18.68	33.42
Current (Unsecured, considered good)		
Loans and Advances to Employees	19.06	15.07
Total	19.06	15.07

5 OTHER FINANCIAL ASSETS

(Rs. In Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Non-current (Unsecured, considered good)		
Security Deposits	66.90	69.43
Total	66.90	69.43
Current (Unsecured, considered good)		
Security Deposits	20.66	10.71
Interest Accrued on loans and deposits	2.47	1.51
Other Receivable	7.35	1.78
Total	30.48	14.00

6 DEFERRED TAX ASSETS (NET)

(Rs. In Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred Tax Assets	1,910.34	2,012.52
Deferred Tax Liabilities	(2,243.10)	(2,000.89)
Total	(332.76)	11.63

Deferred tax liabilities/(assets) in relation to :

(Rs. In Lacs)

Particulars	As at April 1, 2016	Recognised in profit and Loss	As at March 31, 2017
Property, plant and equipment	1,458.98	541.91	2,000.89
Unabsorbed Depreciation	(1,638.07)	(142.69)	(1,780.76)
Provision for doubtful trade receivables	(8.25)	6.70	(1.55)
Compensated absences	(41.78)	(24.03)	(65.81)
MAT credit Entitlement	-	(164.40)	(164.40)
Total	(229.12)	217.49	(11.63)

(Rs. In Lacs)

Particulars	As at April 1, 2017	Recognised in profit and Loss	As at March 31, 2018
Property, plant and equipment	2,000.89	242.21	2,243.10
Unabsorbed Depreciation	(1,780.76)	785.80	(994.96)
Provision for doubtful trade receivables	(1.55)	(27.76)	(29.31)
Compensated absences	(65.81)	(27.41)	(93.22)
MAT credit Entitlement	(164.40)	(628.45)	(792.85)
Total	(11.63)	344.39	332.76



7 OTHER ASSETS

Particulars	As at March 31, 2018	As at March 31, 2017	(Rs. In Lacs)
Non-current			
Prepaid Expenses	2.01	28.43	
Capital Advances	65.03	431.65	
	67.04	450.08	
Current			
Prepaid Expenses	198.68	21.81	
Balances with Government authorities	455.85	166.05	
Advances to Suppliers	103.49	130.93	
	758.02	318.79	

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

Particulars	As at March 31, 2018	As at March 31, 2017	(Rs. In Lacs)
Raw Materials	3,186.37	2,336.63	
Work-in-Progress	520.38	458.93	
Stock In Trade	129.04	193.74	
Finished Goods	2,279.98	2,532.49	
Packing Materials	870.19	739.07	
Stores & Spares	43.74	30.04	
	7,029.70	6,290.90	

9 TRADE RECEIVABLES

Particulars	As at March 31, 2018	As at March 31, 2017	(Rs. In Lacs)
Unsecured, considered good	6,128.10	4,382.14	
Unsecured, considered doubtful	84.70	4.70	
Less : Allowance for doubtful debts (expected credit loss allowance)	(84.70)	(4.70)	
	6,128.10	4,382.14	

Break-up for trade receivables:

Particulars	As at March 31, 2018	As at March 31, 2017	(Rs. In Lacs)
Trade receivables from other than related parties	5,278.35	4,382.14	
Receivables from related parties (Note 34)	849.75	-	
	6,128.10	4,382.14	

Notes :

- 1 The credit period ranges from 30 days to 180 days.
- 2 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. There are no customers who represent more than 5% of the total balance of trade receivable except, as at March 31, 2018 : Rs. 1,134.91 lacs is due from two customers (as at March 31, 2017 : Rs.1,073.52 lacs is due from one customer). The credit risk in respect of these customers is mitigated by additional security cheque.
- 3 In determining the allowances for doubtful 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.



4 Movement in Expected Credit Loss Allowance

Particulars	As at March 31, 2018	As at March 31, 2017	(Rs. In Lacs)
Balance at the beginning of the year	4.70	26.70	
Less : Reversal / utilisation out of earlier year	-	26.70	
Add : Provision during the year	80.00	4.70	
Balance at the end of the year	84.70	4.70	

10 CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2018	As at March 31, 2017	(Rs. In Lacs)
Balance With Banks in current accounts	381.17	156.25	
Cash on Hand	5.38	4.90	
Total	386.55	161.15	

11 OTHER BALANCES WITH BANKS

Particulars	As at March 31, 2018	As at March 31, 2017	(Rs. In Lacs)
In Deposit Accounts	13.45	13.34	
Total	13.45	13.34	

12 CURRENT TAX ASSETS (NET)

Particulars	As at March 31, 2018	As at March 31, 2017	(Rs. In Lacs)
Current			
Taxes Receivable	528.77	527.35	
Total	528.77	527.35	

13 EQUITY SHARE CAPITAL

Particulars	As at March 31, 2018	As at March 31, 2017	(Rs. In Lacs)
Authorised Share Capital			
57,50,000 (As at March 31,2017 : 57,50,000) Equity Shares of Rs.10/- each	575.00	575.00	
Issued, Subscribed & Fully Paid Share Capital			
2,93,895 (As at March 31,2017 : 2,93,895) Equity Shares of Rs. 10/- each fully paid up	29.39	29.39	
Total	29.39	29.39	

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

Particulars	As at March 31, 2018	As at March 31, 2017
As at beginning of the year	2,93,895	2,93,895
Add: Shares Issued	-	-
As at end of the year	2,93,895	2,93,895

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

Name of Shareholders	As at March 31, 2018	As at March 31, 2017
Astral Poly Technik Limited (Holding Company)		
No. of Shares	2,86,395	2,86,395
% of Shares Held	97.45%	97.45%
Amount (in lacs)	28.64	28.64



14 OTHER EQUITY

(Rs. In Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Securities Premium Reserve		
Balance at the beginning of the year	30,477.12	30,477.12
Balance at the end of the year	30,477.12	30,477.12
Surplus in Statement of Profit & Loss		
Balance at the beginning of the year	(24.21)	(470.66)
Add : Profit For the Year	1,900.41	476.05
Add : Other comprehensive income arising from remeasurement of defined benefit obligation	8.91	(29.60)
Balance at the end of the year	1,885.11	(24.21)
Total	32,362.23	30,452.91

Notes

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

Securities premium reserve

The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. This reserve is available for utilization in accordance with the provisions of the Companies Act, 2013. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium reserve.

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.

15 BORROWINGS

(Rs. In Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Non-current		
Secured - at amortised cost		
Term Loans From Banks	760.00	475.00
Less : Current maturity of long term loans (Note 18)	160.00	23.75
	600.00	451.25
Unsecured - at amortised cost		
Buyers Credit	1,996.34	-
	1,996.34	-
Total	2,596.34	451.25
Current		
Secured - at amortised cost		
Short Term Loan From Banks	-	1,000.00
Working Capital Limits From Banks	-	14.52
Total	-	1,014.52

Notes:

- a) Refer Note 35 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%.
- Kotak Bank Term Loan of Rs.760.00 Lacs (as at March 31, 2017 : Rs. 475.00 Lacs) repayable within 57 Months 1 (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 0.25 to 3% .
- e) HSBC Bank Buyers Credit of Rs. 1,996.34 Lacs (as at March 31, 2017: Nil) Repayable by December 2020.
- f) Secured Working Capital Loan Repayable on demand to Bank - secured against hypothecation of entire Stock, Book Debts, other chargeable Current Assets and movable Fixed Assets with equitable mortgage on factory Land & Buildings, with lien on STDRs.



16 PROVISIONS

Particulars	As at March 31, 2018	As at March 31, 2017	(Rs. In Lacs)
Non-current			
Provision for Employee Benefits	113.64	67.89	
Total	113.64	67.89	
Current			
Provision for Employee Benefits	85.80	80.50	
Total	85.80	80.50	

17 TRADE PAYABLES

Particulars	As at March 31, 2018	As at March 31, 2017	(Rs. In Lacs)
Operational Buyers Credit	541.30	-	
Due to others	4,604.07	3,601.58	
Total	5,145.37	3,601.58	

Note:

- a 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.
- b Refer Note 35 for information about credit risk, market risk and liquidity risk of Trade payables.

18 OTHER FINANCIAL LIABILITIES

Particulars	As at March 31, 2018	As at March 31, 2017	(Rs. In Lacs)
Current			
Current maturities of Long Term Borrowings (Note 15)	160.00	23.75	
Interest accrued and due on borrowings	5.48	5.43	
Interest accrued but not due on borrowings	2.35	-	
Payable for capital goods	213.30	241.53	
Others	293.30	124.07	
Total	674.43	394.78	

19 OTHER LIABILITIES

Particulars	As at March 31, 2018	As at March 31, 2017	(Rs. In Lacs)
Current			
Statutory dues	256.32	619.09	
Advance Received from Customers	78.16	751.95	
Total	334.48	1,381.04	

20 CURRENT TAX LIABILITIES (NET)

Particulars	As at March 31, 2018	As at March 31, 2017	(Rs. In Lacs)
Income tax payable (net of advance payment of tax)	178.31	-	
Total	178.31	-	



21 REVENUE FROM OPERATIONS

Particulars	Year ended March 31, 2018	Year ended March 31, 2017	(Rs. In Lacs)
Sale of products	39,429.14	37,860.41	
Other operating revenues	179.66	179.00	
Total	39,608.80	38,039.41	

Note : The revenue from operations (Gross) is inclusive of excise duty and exclusive of GST, as applicable, in above disclosure. If the same had been shown as inclusive of both or net of excise and net of GST, the Revenue from Operations would appear as under:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017	(Rs. In Lacs)
Revenue from Operations			
Revenue from Operations (Gross of Excise and GST)	46,826.62	44,171.41	
Less: Excise Duty/GST	7,217.82	6,132.00	
Revenue from Operations (Net of Excise and GST)	39,608.80	38,039.41	

22 OTHER INCOME

Particulars	Year ended March 31, 2018	Year ended March 31, 2017	(Rs. In Lacs)
Interest Income comprises:			
From Banks on deposits	1.17	1.13	
From Others	9.18	3.60	
Profit on Sale of Current Investments (Net)	3.87	-	
Foreign exchange gains (Net)	102.78	129.80	
Miscellaneous Income	77.69	3.67	
Total	194.69	138.20	

23 COST OF MATERIALS CONSUMED

Particulars	Year ended March 31, 2018	Year ended March 31, 2017	(Rs. In Lacs)
Inventories at the beginning of the year	2,336.63	2,105.46	
Add: Purchases	19,831.66	15,684.67	
Less: Inventories at the end of the year	3,186.37	2,336.63	
Cost of Material Consumed	18,981.92	16,453.50	
Inventories at the beginning of the year	739.07	641.33	
Add: Purchases	4,693.78	4,381.93	
Less: Inventories at the end of the year	870.19	739.07	
Cost of Packing Material Consumed	4,562.65	4,284.20	
Total	23,544.58	20,737.70	

24 PURCHASE OF STOCK-IN-TRADE

Particulars	Year ended March 31, 2018	Year ended March 31, 2017	(Rs. In Lacs)
Other	25.43	214.33	
Total	25.43	214.33	



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

(Rs. In Lacs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Inventories At the end of the year		
Finished Goods	2,279.98	2,532.49
Work-in-progress	520.38	458.93
Stock In Trade	129.04	193.74
	2,929.40	3,185.16
Inventories At the beginning of the year		
Finished Goods	2,532.49	1,967.38
Work-in-progress	458.93	355.90
Stock In Trade	193.74	15.13
	3,185.16	2,338.41
Net (Increase) / Decrease	255.76	(846.75)

26 EMPLOYEE BENEFITS EXPENSE

(Rs. In Lacs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Salaries and wages	2,386.38	2,187.02
Contribution to Provident and Other Funds (Refer Note No. 33)	197.42	156.36
Staff Welfare Expenses	70.30	59.51
Total	2,654.10	2,402.89

27 FINANCE COSTS

(Rs. In Lacs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest Expenses on		
- Borrowings	168.74	132.03
- Others	12.77	7.90
Other Borrowing Costs	13.30	21.90
Exchange differences regarded as an adjustment to borrowing costs	76.71	36.33
Total	271.52	198.16

28 DEPRECIATION AND AMORTIZATION EXPENSE

(Rs. In Lacs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation of property, plant and equipment (Note 3)	502.00	356.43
Amortization on Intangible assets (Note 3)	3,693.89	3,679.17
Total	4,195.89	4,035.60



29 OTHER EXPENSES

Particulars	Year ended March 31, 2018	Year ended March 31, 2017	(Rs. In Lacs)
Consumption of Stores and Spares	171.89	150.60	
Power and Fuel	480.25	419.71	
Rent * (Note 34)	260.00	220.71	
Repairs Expenses	134.72	137.88	
Insurance Expenses	25.34	28.94	
Rates and Taxes	45.79	69.24	
Royalty Expense	244.23	258.92	
Communication Expenses	83.83	102.08	
Travelling Expenses	614.49	558.30	
Factory and Other Expenses	48.18	40.77	
Printing and Stationary Expenses	12.10	31.93	
Freight and Fowarding	1,546.87	1,370.84	
Sales Promotions	833.51	764.94	
Directors Sitting Fees	1.50	4.52	
Security Service Charges	50.04	36.16	
Legal and Professional	93.03	129.78	
Payments to Auditors **	5.25	5.89	
Bad Debts Written Off (net of provision)	0.02	27.38	
Provision for Doubtful Trade Receivables	80.00	4.70	
Loss on Sale of Property, Plant and Equipment (Net)	10.69	12.46	
Other Expenses	47.80	69.51	
Total	4,789.53	4,445.26	

* The Company is lessee under various operating leases under which rental expenses for the year was Rs. 260.00 Lacs (Previous year: Rs. 220.71 Lacs). The Company has not executed any non-cancellable lease agreement.

**** PAYMENT TO AUDITORS (EXCLUDING SERVICE TAX AND GST)**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017	(Rs. In Lacs)
To Statutory Auditors **			
For statutory audit	5.25	3.50	
For tax audit	-	2.00	
For other services	-	0.33	
For reimbursement of expenses	-	0.06	
Total	5.25	5.89	

30 TAX EXPENSES

Particulars	Year ended March 31, 2018	Year ended March 31, 2017	(Rs. In Lacs)
Current tax			
In respect of the current year			
Current Tax	628.45	164.40	
MAT Credit Entitlement	(628.45)	(164.40)	
In respect of earlier years	(17.57)	-	
	(17.57)	-	
Deferred tax			
In respect of the current year	972.84	381.89	
	972.84	381.89	



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 :

Particulars	(Rs. In Lacs)	
	Year ended March 31, 2018	Year ended March 31, 2017
Profit before tax	2,855.67	857.94
Income tax expense @21.3416%	609.45	183.10
Tax effect of the amounts which are not deductible / (taxable) in calculating taxable income :		
Effect of expenses that are not deductible in determining taxable	17.10	0.96
Effect of expenses that are deductible in determining taxable profit	1.90	(11.48)
Total	628.45	172.58
Adjustments in respect of current income tax of previous year	-	-
Tax expense as per statement of Profit and loss	628.45	172.58
Tax effect on Items in Other Comprehensive Income	-	-
Tax expense as per Statement of Profit and Loss	628.45	172.58

The Company's weighted average tax rates for the year ended March 31, 2018 and March 31, 2017 were 22.01% and 20.12%, respectively.



31. EARNINGS PER SHARE:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Profit/(Loss) for the period attributable to the owners of the Compay (Rs. In Lacs)	1,900.41	476.05
Weighted average number of equity shares outstanding	2,93,895	2,93,895
Basic & Diluted Earnings Per Share (In Rs.) (Face value of Rs. 10/- each)	646.63	161.98

32. CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR:

(Rs. In Lacs)

Sr. No.	Particulars	As at March 31, 2018	As at March 31, 2017
Contingent Liabilities			
1	Letters of Credits for Purchases	747.09	2,771.31
2	Other Contingent Liabilities for Statutory Matters	74.15	71.60
Commitments			
3	Capital Contracts remaining to be executed (Net of Advances)	268.70	2,670.82
Other Contingent Liabilities			
4	Contingencies for which there can be probable outflow:		
	Claims against the company not acknowledged as Debt – No. of Cases 4		

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

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. 149.12 Lacs (Previous Year: Rs. 119.16 Lacs).

Defined Benefit Plan:

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

General Description of the Plan:

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



Status of Defined Benefit Plans – As per Actuarial Valuations as on March 31, 2018:

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

Particulars	Gratuity		(Rs. In Lacs)
	As at March 31, 2018	As at March 31, 2017	
Obligations at the beginning of the year	192.07	128.66	
Current service cost	34.12	27.38	
Past Service cost	4.08	-	
Interest cost	14.71	10.30	
Actuarial (gain) / loss – due to change in financial assumptions	(5.42)	8.23	
Actuarial (gain) / loss- due to experience	(6.64)	23.40	
Benefits paid	(15.83)	(5.90)	
Benefits paid directly by the employer	(0.74)	-	
Obligations at the end of the year	216.35	192.07	

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

Particulars	Gratuity		(Rs. In Lacs)
	As at March 31, 2018	As at March 31, 2017	
Plan assets at the beginning of the year, at fair value	58.20	5.92	
Interest Income	4.46	0.48	
Return on plant assets excluding interest income	(3.17)	2.02	
Contributions	2.00	49.98	
Benefits paid	(15.83)	(0.20)	
Plan assets at the end of the year, at fair value	45.66	58.20	

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

Particulars	Gratuity		(Rs. In Lacs)
	As at March 31, 2018	As at March 31, 2017	
Obligations at the end of the year	216.35	192.07	
Plan assets at the end of the year, at fair value	(45.66)	(58.20)	
Liability/(Assets) recognized in Balance sheet	170.69	133.87	

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

Particulars	Gratuity		(Rs. In Lacs)
	Year ended March 31, 2018	Year ended March 31, 2017	
Current service cost	34.12	27.38	
Net Interest expense	10.25	9.83	
Past service cost	4.08	-	
Components of defined benefit costs recognised in the Statement of Profit and Loss	48.45	37.21	



Remeasurement on the net defined benefit liability:		
Actuarial (gains) / losses on obligation for the period	(12.06)	31.63
Return on plant assets, excluding interest income	3.17	(2.03)
Components of defined benefit costs recognised in Other Comprehensive Income	(8.89)	29.60
Total	39.56	66.81

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 Corporation of India, who invests the funds as per IRDA guidelines.

f) The defined benefit obligations shall mature after year ended March 31, 2018 as follows:

Particulars	(Rs. In Lacs)	
As at March 31		
2018		7.95
2019	12.76	7.59
2020	7.09	7.87
2021	9.46	8.34
2022	8.35	8.40
2023	7.53	
Thereafter	686.73	606.35

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

Particulars	(Rs. In Lacs)	
	As at March 31, 2018	As at March 31, 2017
Delta effect of +1% change in the rate of Discounting	(24.33)	(22.17)
Delta effect of -1% change in the rate of Discounting	29.24	26.74
Delta effect of +1% change in the rate of salary Increase	28.42	26.64
Delta effect of -1% change in the rate of salary increase	(24.03)	(22.49)
Delta effect of +1% change in the rate of employee turnover	1.58	0.58
Delta effect of -1% change in the rate of employee turnover	(1.93)	(0.81)

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. 170.69 lacs (as at March 31, 2017: Rs. 133.87 lacs) to the defined benefit plans during the next financial year.

h) Actuarial Assumptions:

Particulars	Gratuity	
	Year ended March 31, 2018	Year ended March 31, 2017
Discount Rate	7.86%	7.66%
Expected return on plan assets	7.86%	7.66%
Annual Increase in Salary Costs	7.00%	7.00%
Rate of Employee Turnover	2.00%	2.00%
Mortality Tables	Indian Assured Lives Mortality (2006-08)	

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

34. 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
d.	Key Management Personnel	Mr. Sandeep Engineer (Managing Director) Mr. Vijay Parikh (Joint Managing Director) Mr. Rajesh Dwivedi (Whole Time Director) Mr. Saumya Engineer (Director) Mr. Kairav Engineer (Director) Mrs. Monica Kanuga (Director)



2. Disclosure of transactions between the Company and related parties and the status of outstanding balances as on March 31, 2018:

Particulars	Holding/Parent Company	Entities with joint control / Fellow Subsidiaries	Enterprises over which Key Managerial Personnel are able to exercise significant influence				(Rs. In Lacs)			
			2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Part 1: Transaction during the year										
Purchase of Goods/Services		667.38	310.23	-	3.41	12.99	-	-	680.37	313.64
Purchase of Asset		-	-	621.40	-	-	-	-	621.40	-
Sale of Goods		4,045.68	8,780.58	31.93	-	-	-	-	4,077.61	8,780.58
Sale of Asset		22.06	-	-	-	-	-	-	22.06	-
Security Deposit received back		-	-	-	-	88.00	-	-	-	88.00
Security Deposit given		-	-	-	-	10.09	-	-	10.09	-
Interest Paid on Security Deposit given		-	-	-	-	0.75	-	-	0.75	-
Remuneration (Note a)		-	-	-	-	-	25.48	25.29	25.48	25.29
Rent Paid		-	0.96	-	-	146.94	117.22	24.06	25.79	171.00
Advanced Received for Sale of Goods		-	620.74	-	-	-	-	-	-	620.74
Professional Fees Paid		-	-	-	-	-	0.86	0.10	0.86	0.10
Amount paid for reimbursement of expense		84.15	27.76	-	-	-	-	-	84.15	27.76
Part 2: Balance at the end of year										
Security Deposit		-	-	-	-	10.09	-	-	10.09	-
Receivables		849.75	-	12.58	-	-	-	-	862.33	-
Payables		-	-	-	-	-	-	3.76	3.76	-
Advances		-	620.74	-	-	-	-	-	-	620.74

Notes:

a. **Compensation of key management personnel:**

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

(Rs. In lacs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Short-term Benefits	25.48	25.29

The remuneration of key management personnel is determined by the remuneration committee. The same excludes gratuity. The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.



35 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 15 and 18 offset 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 Lacs)	
	As at March 31, 2018	March 31, 2017
Debt (note i)	2,756.34	1,489.52
Less : Cash and cash equivalents	386.55	161.15
Net debt	2,369.79	1,328.37
Equity share capital	29.39	29.39
Other Equity	32,362.23	30,452.91
Total equity	32,391.62	30,482.30
Net debt to equity ratio	7.32%	4.36%

i Debt is defined as long-term borrowings, short-term borrowings and current maturities of long term borrowings as described in notes 15 and 18.

2 Category-wise classification of financial instruments

Particulars	(Rs. in Lacs)	
	As at March 31, 2018	March 31, 2017
Financial assets		
Measured at amortised cost		
a Cash and cash equivalents (Note 10 and 11)	400.00	174.49
b Financial assets (Note 4,5 and 9)	6,263.22	4,514.06
Total	6,663.22	4,688.55
Financial liabilities		
Measured at amortised cost		
a Borrowings (Note 15 and 20)	2,756.34	1,489.52
b Financial liabilities (Note 17 and 18)	5,659.80	3,972.60
Total	8,416.14	5,462.12

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, trade receivables and other financial assets.

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.



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 lacs)	
	As at March 31, 2018	As at March 31, 2017
Liabilities (Foreign currency)		
In US Dollars (USD)	20.51	4.15
In Euro (EUR)	24.73	-
Assets (Foreign currency)		
In Euro (EUR)	0.17	0.20
In Great Britain Pound (GBP)	-	3.15

Particulars	(Rs. in lacs)	
	As at March 31, 2018	As at March 31, 2017
Liabilities (INR)		
In US Dollars (USD)	1,336.54	269.17
In Euro (EUR)	1,998.11	-
Assets (INR)		
In Euro (EUR)	13.40	13.51
In Great Britain Pound (GBP)	-	204.06

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, EUR and GBP.

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	As at March 31,	As at March 31,
Increase in exchange rate by 5%	(166.06)	(2.58)
Decrease in exchange rate by 5%	166.06	2.58



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	Increase/ decrease in basis points	Effect on profit before tax	(Rs. in lacs)
As at March 31, 2018	100 bps	27.56	
As at March 31, 2017	100 bps	14.90	

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 10 - 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	Carrying amount	Less than 1 year	1-5 years	More than 5 years	Total
As at March 31, 2018					
Non-derivative financial liabilities					
Borrowings	2,756.34	160.00	2,596.34	-	2,756.34
Financial Liabilities	5,659.80	5,659.80	-	-	5,659.80
Total	8,416.14	5,819.80	2,596.34	-	8,416.14
As at March 31, 2017					
Non-derivative financial liabilities					
Borrowings	1,489.52	1,038.27	380.00	71.25	1,489.52
Financial Liabilities	3,972.60	3,972.60	-	-	3,972.60
Total	5,462.12	5,010.87	380.00	71.25	5,462.12



36. SEGMENT REPORTING:

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

37. Recent accounting pronouncement

Standards issued but not yet effective

On March 28, 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying amendments to Ind AS 115, 'Revenue from Contracts with Customers' and Ind AS 12, 'Recognition of Deferred Tax Assets for Unrealized Losses'. The amendments are applicable from April 1, 2018.

Ind AS 115 Revenue from Contracts with Customers:

Ind AS 115 was notified on March 28, 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the Company. Ind AS 115 is effective for the Company in the first quarter of financial year 2018-19 using either one of two methods:

i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or

ii). retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (1 April 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, related discounts & incentives and volume rebates given to customer and customers of the customers.

Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses:

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The effect of this amendment on the financial statements of the Company is being evaluated.



38. The figures for the previous year have been regrouped/ reclassified wherever necessary to confirm with the current year's classification. The comparative financial information of the Company for the corresponding year ended March 31, 2017 was audited by the firm other than S R B C & CO LLP.

As per report of even date

For S R B C & CO LLP

ICAI Firm Registration No.: 324982E/E300003
Chartered Accountants

Sukrut Mehta

Sukrut Mehta
Partner
Membership No.: 101974

Place: Ahmedabad
Date: May 23, 2018



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

CIN: U24295GJ2009PLC058120

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

Place: Ahmedabad
Date: May 23, 2018

Kairav S. Engineer
(Kairav S. Engineer)
Director
DIN : 03383621

SEAL IT SERVICES LIMITED

Financial Statements

For FY 2017-18

SEAL IT SERVICES LIMITED

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

31 MARCH 2018

Company Registration Number 04487206

SEAL IT SERVICES LIMITED

Financial statements

Year ended 31 March 2018

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SEAL IT SERVICES LIMITED

Officers and professional advisers

Year ended 31 March 2018

Company registration number 04487206

The board of directors
Mr G Helm
Mr D Moore
Mr S Engineer
Mrs J Engineer
Mr P Walters

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

Auditor
BDO Northern Ireland
Chartered Accountants
& Statutory Auditor
Lindsay House
10 Callender Street
Belfast
BT1 5BN

Bankers
HSBC
4th Floor, City Point
29 King Street
Leeds
LS1 2HL

Solicitors
Chadwick Lawrence
13 Railway Street
Huddersfield
HD1 1JS

SEAL IT SERVICES LIMITED

Strategic report

Year ended 31 March 2018

Principal activity and review of the business

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

The results of the Group for the year, as set out on pages 8 and 9, show a profit before taxation of £126,513 (2017: £26,756). The equity attributable to owners of the parent company totalled £2,844,306 (2017: £2,774,869).

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

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

Key performance indicators

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

	2018	2017
Turnover	£17,285,259	£15,885,771
Trade Receivable days	70	74

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

Risk management

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

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

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

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

SEAL IT SERVICES LIMITED

Strategic report *(continued)*

Year ended 31 March 2018

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

Development and performance of the business

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

Principal risk and uncertainties

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

Economic risk

The risk of increased interest rates and/or inflation may have an adverse impact on served markets. In order to manage this the Group has entered into long term borrowing arrangements.

Competition risk

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

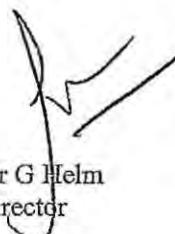
Financial risk

All key financial figures are monitored on an ongoing basis.

Future developments

With an experienced management team, a strong product portfolio, well invested asset bases and a robust financial position, we remain confident in the continued success and development of the business.

Signed on behalf of the directors



Mr G Helm
Director

Approved by the directors on 08/05/18

SEAL IT SERVICES LIMITED

Directors' report

Year ended 31 March 2018

The directors present their report and financial statements for the year ended 31 March 2018.

Events after the reporting date

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

Financial risk management objectives and policies

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

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

Directors

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

Mr G Helm
 Mr D Moore
 Mr S Engineer
 Mrs J Engineer
 Mr P Walters (resigned on 30 April 2018)

Statement of directors' responsibilities

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

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

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

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

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

SEAL IT SERVICES LIMITED

Director' report *(continued)*

Year ended 31 March 2018

Statement of directors' responsibilities *(continued)*

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

Statement as to disclosure of information to auditors

In so far as the directors are aware:

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

Strategic report

The strategic report is included at pages 2 to 3.

Auditor

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

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

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

Registered office:

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

Signed on behalf of the directors



Mr G Helm
Director

Approved by the directors on 08/05/18

SEAL IT SERVICES LIMITED

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

Year ended 31 March 2018

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 2018 which comprises 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 2018 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.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the strategic 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.

We have nothing to report in this regard.



**Independent auditor's report to the shareholders of Seal It Services Limited
(continued)****Year ended 31 March 2018****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 and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic 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 Director's 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.

Responsibilities of Directors

As explained more fully in the Statement of directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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

This report is made solely to the 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 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

8 May 2018



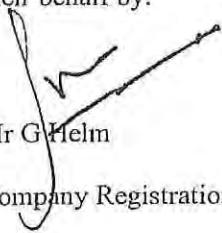
SEAL IT SERVICES LIMITED**Consolidated statement of profit or loss and comprehensive income****Year ended 31 March 2018**

	Note	2018 £	2017 £
Continuing Operations			
Revenue	4	17,285,259	15,885,771
Cost of sales		12,098,437	10,968,964
Gross profit		5,186,822	4,916,807
Distribution costs		2,339,848	1,785,963
Administrative expenses		2,484,761	2,824,104
Other operating income		(12,166)	(40,061)
Operating profit		374,379	346,801
Finance costs	7	247,866	199,847
Exceptional items – Foreign exchange Loss		–	120,198
Profit before taxation		126,513	26,756
Taxation	9	74,415	43,564
Profit/(Loss) for the year		52,098	(16,808)
Other Comprehensive Income			
Foreign exchange movement		17,339	(112,271)
Profit/(Loss) for the year and total comprehensive income		69,437	(129,079)
Attributable to:			
Owners of the parent company		69,437	(129,079)

SEAL IT SERVICES LIMITED**Consolidated statement of financial position****Year ended 31 March 2018**

	Note	2018 £	2017 £
Non-current assets			
Intangible assets	10	2,276,885	2,276,885
Property, plant and equipment	11	4,394,416	3,453,904
Total non-current assets		6,671,301	5,730,789
Current assets			
Inventory	13	2,480,883	1,771,896
Trade and other receivables	14	3,718,495	3,542,777
Cash and cash equivalents	15	148,990	187,986
Total current assets		6,348,368	5,502,659
Total assets		<u>13,019,669</u>	<u>11,233,448</u>
Liabilities			
Non-current liabilities			
Loans and borrowings	16	3,994,455	3,462,456
Deferred tax liabilities	18	141,481	165,946
Total non-current liabilities		4,135,936	3,628,402
Current liabilities			
Loans and borrowings	16	3,018,660	2,841,047
Trade and other payables	17	3,020,767	1,989,130
Total current liabilities		6,039,427	4,830,177
Total liabilities		<u>10,175,363</u>	<u>8,458,579</u>
Net assets		<u>2,844,306</u>	<u>2,774,869</u>
Equity attributable to owners of the parent			
Share capital	19	100	100
Retained earnings	20	2,939,138	2,887,040
Foreign exchange reserve	20	(94,932)	(112,271)
Total equity		<u>2,844,306</u>	<u>2,774,869</u>

These accounts were approved by the directors and authorised for issue on 08/05/18 and are signed on their behalf by:



Mr G Helm

Company Registration Number: 04487206

SEAL IT SERVICES LIMITED**Company statement of financial position****Year ended 31 March 2018**

	Note	2018 £	2017 £
Non-current assets			
Property, plant and equipment	11	3,706,559	3,093,513
Investments	12	542,340	542,340
Total non-current assets		<u>4,248,899</u>	<u>3,635,853</u>
Current assets			
Inventory	13	2,346,663	1,702,007
Trade and other receivables	14	6,643,615	5,871,897
Cash and cash equivalents	15	146,035	164,731
Total current assets		<u>9,136,313</u>	<u>7,738,635</u>
Total assets		<u>13,385,212</u>	<u>11,374,488</u>
Liabilities			
Non-current liabilities			
Loans and borrowings	16	3,993,917	3,462,456
Deferred tax liabilities	18	141,481	165,946
Total non-current liabilities		<u>4,135,398</u>	<u>3,628,402</u>
Current liabilities			
Loans and borrowings	16	3,018,660	2,841,047
Trade and other payables	17	2,859,594	1,843,917
Total current liabilities		<u>5,878,254</u>	<u>4,684,964</u>
Total liabilities		<u>10,013,652</u>	<u>8,313,366</u>
Total net assets		<u>3,371,560</u>	<u>3,061,122</u>
Equity attributable to owners of the parent			
Share capital	19	100	100
Retained earnings	20	3,253,023	3,061,022
Foreign exchange reserve	20	118,437	—
Total equity		<u>3,371,560</u>	<u>3,061,122</u>

These accounts were approved by the directors and authorised for issue on 08/05/18 and are signed on their behalf by:



Mr G Helm

Company Registration Number: 04487206

SEAL IT SERVICES LIMITED

Consolidated statement of changes in equity

Year ended 31 March 2018

	Issued share capital	Foreign exchange reserve	Retained earnings	Total equity
	£	£	£	£
At 1 April 2017	100	(112,271)	2,887,040	2,774,869
Profit for the year	—	—	52,098	52,098
Foreign currency gain	—	17,339	—	17,339
Total comprehensive income for the year	—	17,339	52,098	69,437
At 31 March 2018	100	(94,932)	2,939,138	2,844,306

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

SEAL IT SERVICES LIMITED**Consolidated statement of cash-flows****Year ended 31 March 2018**

	Note	2018 £	2017 £
Cash flows from operating activities			
Profit/(loss) before taxation		52,098	(16,808)
Adjustment for:			
Depreciation	12	632,534	580,524
Net finance costs	7	247,866	199,847
Loss on disposal of fixed assets		1,916	3,595
Accrued expenses		(77,299)	—
Tax on profit of ordinary activities		74,415	43,564
		879,432	810,722
Changes in working capital:			
Movement in inventory		(708,988)	(125,866)
Movement in trade and other receivables		(67,138)	(7,020)
Movement in trade and other payables		1,064,156	(53,918)
Cash generated from operations		1,167,462	623,918
Interest paid		(194,272)	(193,290)
Income tax paid		(54,105)	(47,977)
Net cash inflow from operating activities		919,085	382,651
Cash flows from operating activities			
Cash paid to acquire Subsidiary undertaking		—	(2,618,577)
Proceeds from sale of equipment		4,584	8,900
Purchase of property, plant and equipment		(1,550,119)	(605,590)
Net cash outflow from investing activities		(1,545,535)	(3,215,267)
Cash flows from financing activities			
Capital repayment of finance lease repayments		(318,484)	(280,021)
Proceeds from related party loans		850,780	628,445
Issue of bank loans		539,000	2,175,971
Repayment of bank loans		(676,084)	(229,282)
Repayment of group loans		—	(15,668)
Net cash (outflow)/inflow from financing activities		395,212	2,279,445
Net (decrease) in cash and cash equivalents		(231,238)	(553,171)
Cash and cash equivalents at 1 April 2017		(1,858,244)	(1,305,073)
Cash and cash equivalents at 31 March 2018	16	(2,089,482)	(1,858,244)

SEAL IT SERVICES LIMITED

Notes to the financial statements

Year ended 31 March 2018

1. General Information

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

2. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been applied consistently for all years presented unless otherwise stated. The financial statements are presented in pounds sterling, which is also the Group's functional currency. Amounts are rounded to the nearest pound, unless otherwise stated.

Basis of preparation

The consolidated financial statements of Seal It Services Limited have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU). The consolidated financial statements have been prepared under the historical cost convention.

Going concern

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

Basis of consolidation

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

Revenue recognition

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

SEAL IT SERVICES LIMITED

Notes to the financial statements

Year ended 31 March 2018

2. Accounting policies *(continued)*

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:

	2018	2017
United States dollar	1.4028	1.25045
Euro	1.1406	1.16910

SEAL IT SERVICES LIMITED

Notes to the financial statements

Year ended 31 March 2018

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	- 20% - 25% Straight Line
Equipment	- 20% - 33% Straight Line

SEAL IT SERVICES LIMITED**Notes to the financial statements****Year ended 31 March 2018**

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

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 and other direct production costs together with a proportion of production overheads relevant to the stage of completion of work in progress and finished goods and excludes borrowing costs. Net realisable value represents the estimated selling price less costs to completion and appropriate selling and distribution costs. Provision is made, where necessary, for slow moving, obsolete and defective inventories.

SEAL IT SERVICES LIMITED

Notes to the financial statements

Year ended 31 March 2018

2. Accounting policies *(continued)*

Financial assets

Classification

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

Loans and receivables

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

Impairment of financial assets

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

Impairment of financial assets

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

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.

SEAL IT SERVICES LIMITED

Notes to the financial statements

Year ended 31 March 2018

2. Accounting policies *(continued)*

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.

Share capital

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

Income tax

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

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

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

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

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.

SEAL IT SERVICES LIMITED

Notes to the financial statements

Year ended 31 March 2018

2. Accounting policies *(continued)*

Income tax *(continued)*

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

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

Dividend distribution

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

Fair value estimation

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

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

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 2018.

SEAL IT SERVICES LIMITED

Notes to the financial statements

Year ended 31 March 2018

2. Accounting policies *(continued)*

New standards, amendments and interpretations

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

- **IFRS 9 'Financial instruments'** (effective 1 January 2018). This is a new standard on classification and measurement of financial assets that will replace IAS 39. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. Amortised cost accounting will also be applicable for most financial liabilities, with bifurcation of embedded derivatives. The main change is that in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. IFRS 9 will also introduce an 'expected loss' impairment model replacing the 'incurred loss' model. This new model will mean an entity will now always recognise 12 months of expected losses on financial assets in profit or loss. The Group is yet to assess the impact of IFRS 9 on its financial statements.
- **IFRS 15 'Revenue from contracts with customers'** (effective 1 January 2018) The objective of IFRS 15 is to clarify the principles of revenue recognition with the core principle being to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group is yet to assess the impact of IFRS 15 on its financial statements.
- **IFRS 16 'Leases'** (effective 1 January 2019). This is a new standard establishing principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The standard replaces IAS 17 and provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Group is yet to assess the impact of IFRS 16 on its financial statements.

SEAL IT SERVICES LIMITED

Notes to the financial statements

Year ended 31 March 2018

3. Critical accounting judgements and estimates

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

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

Depreciation of tangible fixed assets

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

4. Revenue

All revenue relates to the sale of goods.

5. Expenses by nature

	2018	2017
	£	£
Raw materials and consumables used	11,186,736	10,231,961
Employee costs	2,797,437	2,379,224
Depreciation	632,535	580,524
Other sales expenses	341,749	447,061
Repairs	195,979	198,861
Other cost of sales	46,640	90,102
Transport	759,437	697,461
Finance costs	247,866	199,847
Foreign currency gains/(losses)	21,745	(18,529)
Other administrative costs	696,731	708,514
Rent and rates	244,057	263,852
Other income	(12,166)	(40,061)
Exceptional item – currency loss	–	120,198
	<hr/> <u>17,158,746</u>	<hr/> <u>15,859,015</u>

SEAL IT SERVICES LIMITED

Notes to the financial statements

Year ended 31 March 2018

6. Employees and directors

Staff numbers:

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

	2018 No.	2017 No.
Number of production staff	38	32
Number of distribution staff	15	13
Number of administrative staff	44	42
Number of management staff	4	4
	<hr/> 101	<hr/> 91

Payroll costs:

The aggregate payroll costs of the above were:

	2018 £	2017 £
Wages and salaries	2,523,942	2,179,417
Employers' national insurance contributions and similar taxes	237,721	178,952
Defined contribution pension cost	35,775	20,855
	<hr/> 2,797,438	<hr/> 2,379,224

Directors' remuneration:

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

	2018 £	2017 £
Remuneration receivable	263,191	253,571
Defined contribution pension cost	35,775	20,855
	<hr/> 298,966	<hr/> 274,426

Remuneration of highest paid director:

	2018 £	2017 £
Remuneration Receivable	112,284	113,231
Defined Contribution Pension Costs	7,246	6,855
	<hr/> 119,530	<hr/> 120,086

SEAL IT SERVICES LIMITED

Notes to the financial statements

Year ended 31 March 2018

6. Employees and directors *(continued)*

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

	2018 No.	2017 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:

	2018 £	2017 £
Remuneration receivable	263,191	253,571
Defined contribution pension cost	35,775	20,855
	<u>298,966</u>	<u>274,426</u>

Retirement benefits:

The Group runs a defined benefit pension scheme for its employees. During the year, the Group made contributions of £35,775 (2017: £20,855).

7. Finance costs

	2018 £	2017 £
Interest expense on financial liabilities measured at amortised cost and other similar charges	224,715	174,661
Finance leases (interest portion)	23,151	25,186
	<u>247,866</u>	<u>199,847</u>

8. Auditors remuneration

	2018 £	2017 £
Auditor's remuneration		
- as auditor	20,000	20,000
Other services:		
- taxation services	2,000	2,000
Total	<u>22,000</u>	<u>22,000</u>

SEAL IT SERVICES LIMITED**Notes to the financial statements****Year ended 31 March 2018****9. Taxation****(a) Analysis of charge in the year**

	2018 £	2017 £
Current tax:		
In respect of the year:		
Current tax based on the results for the year at 19% (2017 - 20%)	96,290	68,725
Under/(Over) provision in prior year	2,590	11,828
Total current tax	98,880	80,553
Deferred tax:		
Origination and reversal of timing differences	(24,465)	(36,989)
Tax on profit on ordinary activities	74,415	43,564

(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% (2017 - 20%).

	2018 £	2017 £
Profit before taxation	126,513	26,756
Profit by rate of corporation tax in UK	24,037	5,351
Expenses not deductible for tax purposes	2,679	1,182
Surplus / (Deficit) of depreciation over capital allowances	14,516	27,401
Adjustments to tax charge in respect of previous periods	2,590	11,828
Unrelieved foreign tax losses	27,714	34,791
Other provision	—	—
Deferred tax – fixed asset timing difference	2,879	(38,816)
Deferred tax – Short term timing difference	—	1,827
Total tax charge	74,415	43,564

SEAL IT SERVICES LIMITED

Notes to the financial statements

Year ended 31 March 2018

10. Intangible assets

	Goodwill £
Cost	
At 1 April 2017	2,276,885
Additions	—
At 31 March 2018	<u>2,276,885</u>
Amortisation and impairment	
At 1 April 2017	—
Charge for the year	—
At 31 March 2018	<u>—</u>
Carrying amount	
At 31 March 2018	<u>2,276,885</u>
At 31 March 2017	<u>2,276,885</u>

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows. The goodwill has been generated following the acquisition of the trading assets of Rowe Industries in June 2016. Management are of the view that no indicators of impairment were noted as at the 31 March 2018 and this will be re-assessed annually going forward.

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.

SEAL IT SERVICES LIMITED

Notes to the financial statements

Year ended 31 March 2018

11. Property, Plant and Equipment

Group	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
Cost						
At 1 Apr 2017	1,545,878	3,459,422	324,234	123,182	177,975	5,630,691
Additions	838,091	649,819	96,950		33,822	1,618,682
Disposals				(18,000)		(18,000)
FX	(8,207)	(26,844)			(1,099)	(36,150)
At 31 Mar 2018	2,375,762	4,082,397	421,184	105,182	210,698	7,195,223
Depreciation						
At 1 Apr 2017	166,195	1,671,447	130,132	75,636	133,377	2,176,787
Charge for year	88,921	462,465	44,733	5,382	31,033	632,534
Charge on disposals				(11,500)		(11,500)
FX	136	2,617			233	2,986
At 31 Mar 2018	255,252	2,136,529	174,865	69,518	164,643	2,800,807
Net book value						
At 31 Mar 2018	2,120,510	1,945,868	246,319	35,664	46,055	4,394,416
At 31 Mar 2017	1,379,683	1,787,975	194,102	47,546	44,598	3,453,904
	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
Cost						
At 1 Apr 2016	1,470,303	2,602,593	307,985	137,882	154,727	4,673,490
Additions	75,575	856,829	16,249	15,900	23,248	987,801
Disposals	—	—	—	(30,600)	—	(3,600)
At 31 Mar 2017	1,545,878	3,459,422	324,234	123,182	177,975	5,630,691
Depreciation						
At 1 Apr 2016	101,595	1,234,311	93,192	78,951	106,319	1,614,368
Charge for year	64,600	437,136	36,940	14,790	27,058	580,524
Charge on disposals	—	—	—	(18,105)	—	(18,105)
At 31 Mar 2017	166,195	1,671,447	130,132	75,636	133,377	2,176,787
Net book value						
At 31 Mar 2017	1,379,683	1,787,975	194,102	47,546	44,598	3,453,904
At 31 Mar 2016	1,368,708	1,368,282	214,793	58,931	48,408	3,059,122

SEAL IT SERVICES LIMITED

Notes to the financial statements

Year ended 31 March 2018

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

Finance lease commitments

Included within the net book value of £4,394,416 is £739,477 (2017: £1,102,305) 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 £166,525 (2017: £189,775).

Capital commitments

	2018 £	2017 £
Contracted but not provided for in the financial statements	<u>923,335</u>	<u>319,885</u>

Company

	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
Cost						
At 1 Apr 2017	1,470,303	3,157,229	324,234	123,182	167,845	5,242,793
Additions	828,280	226,340	96,950	–	30,854	1,182,424
Disposals	–	–	–	(18,000)	–	(18,000)
At 31 Mar 2018	<u>2,298,583</u>	<u>3,383,569</u>	<u>421,184</u>	<u>105,182</u>	<u>198,699</u>	<u>6,407,217</u>
Depreciation						
At 1 Apr 2017	164,935	1,647,346	130,132	75,636	131,231	2,149,280
Charge for the year	85,213	399,545	44,733	5,382	27,985	562,858
Charge on disposals	–	–	–	(11,500)	–	(11,500)
At 31 Mar 2018	<u>250,148</u>	<u>2,046,911</u>	<u>174,865</u>	<u>69,518</u>	<u>159,216</u>	<u>2,700,658</u>
Net book value						
At 31 Mar 2018	<u>2,048,435</u>	<u>1,336,658</u>	<u>246,319</u>	<u>35,664</u>	<u>39,482</u>	<u>3,706,559</u>
At 31 Mar 2017	<u>1,305,368</u>	<u>1,509,883</u>	<u>194,102</u>	<u>47,546</u>	<u>36,614</u>	<u>3,093,513</u>

SEAL IT SERVICES LIMITED

Notes to the financial statements

Year ended 31 March 2018

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

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

Finance lease commitments

Included within the net book value of £3,706,559 is £739,477 (2017: £1,102,305) 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 £166,525 (2017: £189,775).

Capital commitments

	2018 £	2017 £
Contracted but not provided for in the financial statements	805,000	—

SEAL IT SERVICES LIMITED

Notes to the financial statements

Year ended 31 March 2018

12. Investments

Company	Group companies £
Cost	
At 1 April 2017	542,340
Additions	—
Disposals	—
	<hr/>
Net book value	542,340
At 31 March 2018	542,340
	<hr/>
At 31 March 2017	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.

13. Inventories

Group	2018	2017
	£	£
Raw materials	1,150,085	534,783
Work in progress	52,764	36,315
Finished goods	1,278,034	1,200,798
	<hr/>	<hr/>
	2,480,883	1,771,896

The cost of inventories recognised as expenses and included in cost of sales amounted to £11,186,736 (2017: £10,231,961).

Company	2018	2017
	£	£
Raw materials	1,026,146	474,563
Work in progress	46,653	36,315
Finished goods	1,273,864	1,191,129
	<hr/>	<hr/>
	2,346,663	1,702,007

SEAL IT SERVICES LIMITED

Notes to the financial statements

Year ended 31 March 2018

14. Trade and other receivables

Group	2018 £	2017 £
Trade receivables	3,359,868	3,311,545
Less: provision for impairment of trade receivables	(10,975)	(25,305)
Trade receivables – net	3,348,893	3,286,240
Total financial assets other than cash and cash equivalents classified as loans and receivables	3,348,893	3,286,240
Other receivables	208,673	206,097
Prepayments and accrued income	160,929	50,440
Total trade and other receivables	3,718,495	3,542,777

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

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

	2018 £	2017 £
Sterling	3,445,378	3,267,564
US Dollars	273,117	275,213
	3,718,495	3,542,777

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

	2018 £	2017 £
At 1 April 2017	25,305	34,364
(Decrease)/Increase in provision for receivables impairment	(14,330)	(4,453)
Receivables written off during the year as uncollectible	–	(4,606)
At 31 March 2018	10,975	25,305

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.

SEAL IT SERVICES LIMITED

Notes to the financial statements

Year ended 31 March 2018

14. Trade and other receivables (*continued*)

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

At 31 March 2018, trade receivables of £6,010 (2017: £43,199) 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:

	2018 £	2017 £
Up to 3 months	—	—
3 to 6 months	6,010	43,199
Over 6 months	—	—
At 31 March	6,010	43,199

At 31 March 2018, trade receivables of £10,975 (2017: £25,305) were impaired. The ageing analysis of these trade receivables is as follows:

	2018 £	2017 £
Up to 3 months	9,167	1,928
3 to 6 months	1,808	243
Over 6 months	—	23,134
At 31 March	10,975	25,305

Company	2018 £	2017 £
Trade receivables	3,125,065	3,051,398
Less: provision for impairment of trade receivables	(10,975)	(20,507)
Trade receivables – net	3,114,090	3,030,891
Receivables from group companies	3,190,447	2,604,333
Total financial assets other than cash and cash equivalents classified as loans and receivables	6,304,537	5,635,224
Other receivables	216,463	194,760
Prepayments and accrued income	122,615	41,913
Total trade and other receivables	6,643,615	5,871,897

SEAL IT SERVICES LIMITED

Notes to the financial statements

Year ended 31 March 2018

14. Trade and other receivables *(continued)*

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

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

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

	2018	2017
	£	£
Sterling	3,453,168	3,267,564
US Dollars	3,190,447	2,604,333
	<u>6,643,615</u>	<u>5,871,897</u>

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

	2018	2017
	£	£
At 1 April 2017	20,507	34,364
(Decrease)/Increase in provision for receivables impairment	–	(9,251)
Receivables written off during the year as uncollectible	(9,532)	(4,606)
At 31 March 2018	<u>10,975</u>	<u>20,507</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 2018, trade receivables of £6,010 (2017: £27,026) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

SEAL IT SERVICES LIMITED

Notes to the financial statements

Year ended 31 March 2018

14. Trade and other receivables *(continued)*

The ageing analysis of these trade receivables is as follows:

	2018 £	2017 £
Up to 3 months	—	—
3 to 6 months	6,010	27,026
Over 6 months	—	—
At 31 March	6,010	27,026

At 31 March 2018, trade receivables of £10,975 (2017: £20,507) were impaired. The ageing analysis of these trade receivables is as follows:

	2018 £	2017 £
Up to 3 months	9,167	1,928
3 to 6 months	1,808	243
Over 6 months	—	18,336
At 31 March	10,975	20,507

15. Cash and cash equivalents

Group

	2018 £	2017 £
Cash and cash equivalents	148,990	187,986

For the purposes of the cash flow statement, cash and cash equivalents includes, cash in hand and at bank of £148,990 offset against a bank overdraft of £Nil and short term commercial finance of £2,238,472. Cash and cash equivalents are denominated in either £ Sterling or \$ USD. Included within cash and cash equivalents is (£2,092,437) denominated in £ Sterling and £2,956 denominated in \$ USD.

Company

	2018 £	2017 £
Cash and cash equivalents	146,035	164,731

All cash and cash equivalents are denominated in £ Sterling.

SEAL IT SERVICES LIMITED

Notes to the financial statements

Year ended 31 March 2018

16. Loans and borrowings

Group	2018 £	2017 £
Non-current		
Bank borrowings	1,777,718	2,043,158
Loans from Group undertakings	2,032,882	1,128,508
Finance leases	183,855	290,790
Total non-current loans and borrowings	3,994,455	3,462,456
 Current		
Bank overdraft	—	182,277
Bank borrowings	2,843,700	2,340,286
Finance leases	174,960	318,484
Total current loans and borrowings	3,018,660	2,841,047
Total loans and borrowings	7,013,115	6,303,503

£1,398,466 of the loans and borrowings are denominated in \$ USD with all other amounts denominated in £ Sterling. The bank borrowings are secured by a fixed charge on book debts and a floating charge on the assets of the Group. Finance leases are secured against the assets which they were used to acquire. The interest rate profile of interest bearing borrowings is as follows:

	2018 Debt £	2017 Debt £	
	Interest %	Interest %	
Non-current			
Bank borrowings	1,777,718	2,043,158	2.3%
Loans from Group undertakings	2,032,882	1,128,508	3.0%
Finance leases	183,855	290,790	10.0%
	3,994,455	3,462,456	
 Current			
Bank overdraft	—	182,277	—
Bank borrowings	2,843,700	2,340,286	3.0%
Finance leases	174,960	318,484	10.0%
	3,018,660	2,841,047	

SEAL IT SERVICES LIMITED

Notes to the financial statements

Year ended 31 March 2018

16. Loans and borrowings (*continued*)

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

	2018		2017	
	Debt £	Fair value £	Debt £	Fair value £
Non-current				
Bank borrowings	1,777,718	1,353,529	2,043,158	1,919,671
Loans from Group undertakings	2,032,882	1,860,375	1,128,508	1,032,745
Finance leases	183,855	131,450	290,790	218,475
	<u>3,994,455</u>	<u>3,345,354</u>	<u>3,462,456</u>	<u>3,170,891</u>

	2018		2017	
	Debt £	Fair value £	Debt £	Fair value £
Current				
Bank overdraft	—	—	182,277	182,277
Bank borrowings	2,843,700	2,843,700	2,340,286	2,340,286
Finance leases	174,960	174,960	318,484	318,484
	<u>3,018,660</u>	<u>3,018,660</u>	<u>2,841,047</u>	<u>2,841,047</u>

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

The maturity profile of loans and borrowings is as follows:

	2018	2017
	£	£
Less than one year	3,018,660	2,841,047
Between one and five years	3,994,455	3,462,456
Over five years	—	—
Total loans and borrowings	<u>7,013,115</u>	<u>6,303,503</u>

SEAL IT SERVICES LIMITED

Notes to the financial statements

Year ended 31 March 2018

16. Loans and borrowings *(continued)*

Company	2018	2017
	£	£
Non-current		
Bank borrowings	1,777,718	2,043,158
Loans from Group undertakings	2,032,882	1,128,508
Finance leases	183,855	290,790
Total non-current loans and borrowings	3,994,455	3,462,456
 Current		
Bank overdraft		182,277
Bank borrowings	2,843,700	2,340,286
Finance leases	174,960	318,484
Total current loans and borrowings	3,018,660	2,841,047
Total loans and borrowings	7,013,115	6,303,503

£1,398,465 of the loans and borrowings are denominated in \$ USD with all other amounts denominated in £ Sterling.

The bank borrowings are secured by a fixed charge on book debts and a floating charge on the assets of the Group. Finance leases are secured against the assets which they were used to acquire. The interest rate profile of interest bearing borrowings is as follows:

	2018		2017	
	Debt £	Interest %	Debt £	Interest %
Non-current				
Bank borrowings	1,777,718	2.3%	2,043,158	2.3%
Loans from Group undertakings	2,032,882	3.0%	1,128,508	3.0%
Finance leases	183,855	10.0%	290,790	10.0%
	3,994,455		3,462,456	
 Current				
Bank overdraft	—	—	182,277	—
Bank borrowings	2,843,700	3.0%	2,340,286	3.0%
Finance leases	174,960	10.0%	318,484	10.0%
	3,018,660		2,841,047	

SEAL IT SERVICES LIMITED

Notes to the financial statements

Year ended 31 March 2018

16. Loans and borrowings *(continued)*

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

	2018		2017	
	Debt £	Fair value £	Debt £	Fair value £
Non-current				
Bank borrowings	1,777,718	1,353,529	2,043,158	1,919,671
Loans from Group undertakings	2,032,882	1,860,375	1,128,508	1,032,745
Finance leases	183,855	131,450	290,790	281,475
	<u>3,994,455</u>	<u>3,345,354</u>	<u>3,462,456</u>	<u>3,170,891</u>
Current				
Bank overdraft	—	—	182,277	182,277
Bank borrowings	2,843,700	2,843,700	2,340,286	2,340,286
Finance leases	174,960	174,960	318,484	318,484
	<u>3,018,600</u>	<u>3,018,600</u>	<u>2,841,047</u>	<u>2,841,047</u>

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

The maturity profile of loans and borrowings is as follows:

	2018	2017
	£	£
Less than one year	3,018,660	2,841,047
Between one and five years	3,994,455	3,462,456
Over five years	—	—
Total loans and borrowings	<u>7,013,115</u>	<u>6,303,503</u>

SEAL IT SERVICES LIMITED**Notes to the financial statements****Year ended 31 March 2018****17. Trade and other payables**

Group	2018	2017
	£	£
Trade payables	2,190,339	1,225,606
Other payables	25,646	3,449
Accruals	274,846	352,145
 Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	 2,490,831	 1,581,200
Corporation tax	127,392	82,617
Other taxation and social security	402,544	325,313
Total trade and other payables	3,020,767	1,989,130
 Company	 2018	 2017
	£	£
Current		
Trade payables	2,045,034	1,088,910
Other payables	25,646	3,449
Accruals	262,918	349,858
 Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	 2,333,598	 1,442,217
Corporation tax	127,392	82,617
Other taxation and social security	398,604	319,083
Total trade and other payables	2,859,594	1,843,917

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

SEAL IT SERVICES LIMITED

Notes to the financial statements

Year ended 31 March 2018

18. Deferred taxation

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

	Group and company	
	2018	2017
	£	£
Provision brought forward	165,946	202,935
(Decrease) / Increase in provision	(24,465)	(36,989)
Provision carried forward	141,481	165,946

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

Group and Company	2018		2017	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	141,481	—	165,946	—

19. Share capital

Group and Company

Allotted, called up and fully paid:

	2018		2017	
	No	£	No	£
X Ordinary shares of £1 each	80	80	80	80
Y Ordinary shares of £1 each	20	20	20	20
	100	100	100	100
	—	—	—	—

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

SEAL IT SERVICES LIMITED

Notes to the financial statements

Year ended 31 March 2017

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.

Group	Foreign exchange reserve £	Retained earnings £
Balance at 1 April 2017	(112,271)	2,887,040
Profit for the year	–	52,098
Foreign exchange reserve	<u>17,339</u>	–
Balance at 31 March 2018	<u>(94,932)</u>	<u>2,939,138</u>

Group	Foreign exchange reserve £	Retained earnings £
Balance at 1 April 2016	–	2,903,848
Profit for the year	–	(16,800)
Foreign exchange reserve	<u>(112,271)</u>	–
Balance at 31 March 2017	<u>(112,271)</u>	<u>2,887,040</u>

Company	Foreign exchange reserve £	Retained earnings £
Balance at 1 April 2017	–	3,061,022
Profit for the year	–	192,001
Foreign exchange reserve	<u>118,437</u>	–
Balance at 31 March 2018	<u>118,437</u>	<u>3,253,023</u>

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

SEAL IT SERVICES LIMITED

Notes to the financial statements

Year ended 31 March 2018

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 2018 the provision for impairment of trade and other receivables totalled £10,975. At 31 March 2018, trade and other receivables totalling £6,010 were considered past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

Market risk

The Group's main exposure to risk is through interest rates. The Group's interest rate risk arises from the borrowings as disclosed in Note 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. Management of liquidity risk is achieved by monitoring budgets and forecasts and actual cash flows.

The maturity profile of loans and borrowings and trade and other payables is as follows:

Financial liabilities have the following undiscounted maturity profile:

	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
	£	£	£	£
At 31 March 2018				
Loans and borrowings	3,051,134	539,001	3,106,309	–
Trade and other payables (excluding non-financial liabilities)	2,490,831	–	–	–
	<u>5,541,965</u>	<u>539,001</u>	<u>3,106,309</u>	<u>–</u>

SEAL IT SERVICES LIMITED

Notes to the financial statements

Year ended 31 March 2018

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 2017				
Loans and borrowings	2,841,047	590,334	2,872,122	–
Trade and other payables (excluding non-financial liabilities)	1,581,200	–	–	–
	<u>4,422,247</u>	<u>590,334</u>	<u>2,872,122</u>	<u>–</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

	2018		2017	
	Loans and receivables £	Total £	Loans and receivables £	Total £
Financial assets				
Cash and cash equivalents	148,990	148,990	187,986	187,986
Trade and other receivables	3,348,893	<u>3,348,893</u>	3,286,240	<u>3,286,240</u>
	<u>3,497,883</u>	<u>3,497,883</u>	<u>3,474,226</u>	<u>3,474,226</u>

	2018		2017	
	Financial liabilities at amortised cost £	Financial liabilities at fair value £	Financial liabilities at amortised cost £	Financial liabilities at fair value £

Financial liabilities

Trade and other payables (excluding non-financial liabilities)	2,490,831	–	1,581,200	–
Loans from Group undertakings	2,032,882	–	1,128,508	–
Bank borrowings	4,620,880	–	4,565,721	–
Finance leases	358,815	–	609,274	–
	<u>9,503,408</u>	<u>–</u>	<u>7,884,703</u>	<u>–</u>

SEAL IT SERVICES LIMITED

Notes to the financial statements

Year ended 31 March 2018

22. Financial Instruments (*continued*)

(b) Analysis of Fair values	2018		2017	
	Loans and receivables £	Total £	Loans and receivables £	Total £
Financial assets				
Cash and cash equivalents	148,990	148,990	187,986	187,986
Trade and other receivables	3,348,893	3,348,893	3,286,240	3,286,240
	<u>3,497,883</u>	<u>3,497,883</u>	<u>3,474,226</u>	<u>3,474,226</u>
 Financial liabilities				
	2018		2017	
	Financial liabilities at amortised cost £	Fair values £	Financial liabilities at amortised cost £	Fair values £
Trade and other payables (excluding non-financial liabilities)	2,490,831	2,490,831	1,581,200	1,581,200
Loans from Group undertakings	2,032,882	1,860,375	1,128,508	1,032,745
Bank borrowings	4,620,880	4,704,075	4,565,721	4,442,234
Finance leases	358,815	306,410	609,274	536,959
	<u>9,503,408</u>	<u>9,361,691</u>	<u>7,884,703</u>	<u>7,593,138</u>

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

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

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

SEAL IT SERVICES LIMITED

Notes to the financial statements

Year ended 31 March 2018

23. Leases

Group and Company

Commitments under finance lease agreements

Future commitments under finance lease agreements are as follows:

	2018	2017
	£	£
Amounts payable within 1 year	260,323	345,633
Amounts payable between 1 and 2 years	121,643	238,009
Amounts payable between 2 and 5 years	—	75,933
	<hr/> 381,966	<hr/> 659,575
Less interest and finance charges relating to future periods	(23,151)	(50,301)
Present value of finance lease liabilities	<u>358,815</u>	<u>609,274</u>

The present value of finance lease liabilities is as follows:

	2018	2017
	£	£
No later than 1 year	242,754	318,484
Later than 1 year and no later than 5 years	116,061	290,790
	<hr/> 358,815	<hr/> 609,274

Commitments under operating leases

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

The lease expenditure charged to the income statement during the year is disclosed in note 5.

The future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2018	2017
	£	£
Within 1 year	500	75,853
Later than 1 year and less than 5 years	1,000	1,500
Greater than 5 years	—	—
	<hr/> 1,500	<hr/> 77,353

SEAL IT SERVICES LIMITED

Notes to the financial statements

Year ended 31 March 2018

24. Related party transactions

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

	2018	2017
	£	£
Astral Poly Technik Limited	2,032,882	1,128,508

The increase in amounts owed to Astral Poly Technik Limited, the parent Company, result from further loans of £850,780. Loans were made on an arm's length basis. The remaining increase relates to accrued interest of £53,594.

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

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

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

25. Ultimate parent Company

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