

<b>SFS PHARMA LOGISTICS PRIVATE LIMITED</b>
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<b>ACCOUNTS</b>
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<b>2018-2019</b>
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# JERRY SUNNY & RAJESH

Chartered Accountants

1st floor, Vattoly Estate, St. Vincent Road, Ernakulam North, Kochi -18  
Tel: 0484- 4032398, 4028299, e mail : jerrysunnyandrajesh@gmail.com

## INDEPENDENT AUDITORS' REPORT

To the Members of SFS Pharma Logistics Private Limited

Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the standalone financial statements of SFS Pharma Logistics Private Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2019, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("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 31 March 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



**Independent Auditors' Report (continued)**

**To the Members of SFS Pharma Logistics Private Limited**

**Key Audit Matters (continued)**

Description of Key Audit Matters

Revenue recognition	
See note 2.5 to the standalone financial statements	
The key audit matter	How the matter was addressed in our audit
<p>The Company has only one business of logistics service in India and Abroad for clinical trial shipments and pharma products.</p> <p>All expenditure which the client incur for clearance of goods in Indian ports are met by the company on behalf of the client as a pure agent.</p> <p>Revenue is recognised when the company completes their service as per the contract and the invoice is raised for the service charges and also for reimbursement of the expenses met by the company on behalf of the client. However the company also received advance payments before the completion of service in many cases.</p> <p>We identified revenue recognition as a key audit matter as it involves more number of transactions.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others, to obtain sufficient appropriate audit evidence:</p> <ol style="list-style-type: none"><li>1. We assessed the appropriateness of the revenue recognition accounting policies, by comparing with applicable accounting standards.</li><li>2. We evaluated the management controls with respect to revenue recognition with specific focus on separate job assignments.</li><li>3. We performed substantive testing by selecting samples of revenue transactions recorded during the year by verifying the underlying documents.</li><li>4. We carried out analytical procedures on revenue recognised during the year to identify unusual variances.</li></ol>



## **Independent Auditors' Report (continued)**

**To the Members of SFS Pharma Logistics Private Limited**

### **Information Other than the Standalone Financial Statements and Auditors' Report Thereon**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We have nothing to report in this regard.

### **Management's Responsibility for the Standalone Financial Statements**

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. 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 design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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



## **Independent Auditors' Report (continued)**

**To the Members of SFS Pharma Logistics Private Limited**

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

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

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

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



## **Independent Auditors' Report** *(continued)*

### **To the Members of SFS Pharma Logistics Private Limited**

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(A) As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid standalone financial statements comply with the IndAS specified under section 133 of the Act with relevant Rules issued thereunder;



**Independent Auditors' Report (continued)**  
**To the Members of SFS Pharma Logistics Private Limited**

**Report on Other Legal and Regulatory Requirements (continued)**

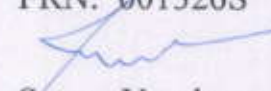
- e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act;
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B";
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position;
  - ii. The Company did not have any Long Term Contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which required to be transferred to Investor Education and Protection Fund; and
  - iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

No directors of the company has received any remuneration from the company during the year.

For Jerry sunny and Rajesh  
Chartered Accountants

FRN: 001326S

  
Sunny Varghese  
(Partner)

M No.: 028612



Place: Kochi  
Date: 25.05.2019

**SFS Pharma Logistics Private Limited**

**Annexure - A to the Independent Auditors' Report**

The Annexure referred to in our Independent Auditors' Report to the Members of the Company on the standalone financial statements for the year ended 31 March 2019. We report that:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.  
  
(b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.  
  
(c) There are no immovable properties owned by the Company.
2. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
3. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
4. The Company has neither given any loan nor given any guarantee, nor provided any security in connection with a loan to any other body corporate or persons. The company has not acquired by way of subscription, purchase or otherwise the securities of any other body corporate.
5. The Company has not accepted any deposits from the public during the year and hence the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under are not applicable to the Company.
6. The Central Government has not prescribed maintenance of cost records under Section 148 (1) of the Companies Act, 2013 for the Company's products.
7. (a) According to the records of the company, all undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Custom Duty, Excise Duty, value added tax, Goods and Service Tax, Cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31 March 2019 for a period of more than six months from the date they became payable.  
  
(b) According to the information and explanations given to us, there are no amounts payable in respect of income tax or wealth tax or service tax or sales tax or customs duty or excise duty or Goods and Service Tax or cess which have not been deposited on account of any disputes.



8. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
9. Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised any money by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
10. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year
11. No Managerial remuneration has been paid or provided by the company during the year.
12. 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.
13. In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Ind AS Financial Statements as required by the applicable accounting standards.
14. Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
15. Based upon the audit procedures performed and 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. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
16. According to our information and knowledge, the company is not a Non Banking Financial Company hence not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

For Jerry sunny and Rajesh  
Chartered Accountants

FRN: 001326S

  
Sunny Varghese  
(Partner)

M No.: 028612



Place: Kochi

Date: 25.05.2019

**SFS Pharma Logistics Private Limited**

**Annexure –B to the Independent Auditors' Report**

**Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**  
(Referred to in paragraph 1A(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

**Opinion**

We have audited the internal financial controls over financial reporting of SFS Pharma Logistics Private Limited ('the Company') as of 31 March 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

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

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 standalone financial statements, whether due to fraud or error.

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

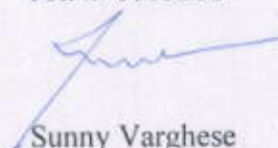
### **Meaning of Internal Financial Controls Over Financial Reporting**

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

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

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.

For Jerry sunny and Rajesh  
Chartered Accountants  
FRN: 001326S



Sunny Varghese  
(Partner)  
M No.: 028612



Place: Kochi  
Date: 25.05.2019

**SFS Pharma Logistics Private Limited**
**Balance sheet as at 31 March 2019**

All amounts in Indian rupees , except share data and where otherwise stated

	Notes	As at 31 March 2019	As at 31 March 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	2,433,524	2,643,402
Other assets	5	632,373	128,529
<b>Total Non-current assets</b>		<b>3,065,897</b>	<b>2,771,931</b>
<b>Current assets</b>			
Inventories	6	1,404,133	1,508,947
Financial assets			
Trade receivables	7	2,207,372	1,452,175
Cash and Cash Equivalents	8	435,050	416,440
Other financial assets	4	3,109,642	2,123,871
Other assets	5	-	115,464
<b>Total Current assets</b>		<b>7,156,197</b>	<b>5,616,897</b>
<b>Total Assets</b>		<b>10,222,094</b>	<b>8,388,828</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	9	10,000,000	10,000,000
Other equity		(9,990,544)	(10,847,495)
<b>Total Equity</b>		<b>9,456</b>	<b>(847,495)</b>
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	10	-	4,000,000
Other financial liabilities	11	-	90,097
Deferred tax liabilities (net)	24	8,140	15,074
Provisions	14	369,490	339,550
<b>Total Non-current liabilities</b>		<b>377,630</b>	<b>4,444,721</b>
<b>Current liabilities</b>			
Financial liabilities			
Trade payables	12	-	-
Total outstanding dues of Micro Enterprises and Small Enterprises		-	-
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		3,349,288	3,933,685
		<b>3,349,288</b>	<b>3,933,685</b>
Other financial liabilities	11	6,344,816	807,917
Others	13	85,904	-
Provisions	14	55,000	50,000
<b>Total Current liabilities</b>		<b>9,835,008</b>	<b>4,791,602</b>
<b>Total Equity and Liabilities</b>		<b>10,222,094</b>	<b>8,388,828</b>
<b>Significant accounting policies</b>			
	2		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

**for JERRY, SUNNY & RAJESH**

Chartered Accountants

Firm's registration number: 001326S

**Sunny Varghese**  
 Partner

Membership Number : 028612



for and on behalf of the Board of Directors

**SFS Pharma Logistics Private Limited**

U63090KL2011PTC029554

**Rajesh S**  
 Director

DIN: 08093860

**Mohan Kurian**  
 Director

DIN: 03260152

 Kochi  
 25 May 2019

 Kochi  
 25 May 2019

**SFS Pharma Logistics Private Limited**
**Statement of profit and loss for the year ended 31 March 2019**

All amounts in Indian rupees , except share data and where otherwise stated

	Notes	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Income</b>			
Revenue from operations	15	16,264,851	9,817,776
Other income	16	54,622	6,120
<b>Total income</b>		<b>16,319,474</b>	<b>9,823,896</b>
<b>Expenses</b>			
Employee benefits expense	17	3,190,454	2,584,090
Finance costs	18	372,580	424,099
Depreciation and amortisation expenses	3	212,378	216,480
Other expenses	19	11,679,725	6,191,469
<b>Total expenses</b>		<b>15,455,137</b>	<b>9,416,138</b>
<b>Profit Before Tax</b>		<b>864,337</b>	<b>407,758</b>
Tax expense:			
Current tax		103,769	77,698
MAT Credit Entitlement		(103,769)	-
Net Current tax expense		-	77,698
Deferred tax charge	24	(3,211)	47,514
<b>Net tax expense</b>		<b>(3,211)</b>	<b>125,212</b>
<b>Profit for the year</b>		<b>867,548</b>	<b>282,546</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to statement of profit or loss</i>			
Remeasurment of defined benefit liability		(14,320)	(172,210)
Income tax related to items that will not be reclassified to profit or loss	24	3,723	44,775
<b>Total other comprehensive income for the year net of income tax</b>		<b>(10,597)</b>	<b>(127,435)</b>
<b>Total comprehensive income for the year</b>		<b>856,951</b>	<b>155,111</b>
<b>Earnings per equity share</b>	20		
(Equity shares of face value Rs. 10 each)			
Basic (Rs.)		0.87	0.28
Diluted (Rs.)		0.87	0.28

**Significant accounting policies**

2

The notes referred to above form an integral part of the standalone financial statements

As per our report of even date attached

**for JERRY, SUNNY & RAJESH**

Chartered Accountants

Firm's registration number: 001326S


**Sunny Varghese**

Partner

Membership Number : 028612



for and on behalf of the Board of Directors


**SFS Pharma Logistics Private Limited**

U63090KL2011PTC029554


**Rajesh S**

Director

DIN: 08093860


**Mohan Kurian**

Director

DIN:03260152

 Kochi  
25 May 2019

 Kochi  
25 May 2019

SFS Pharma Logistics Private Limited  
Statement of changes in equity  
All amounts in Indian rupees, except share data and where otherwise stated.

For the year ended 31 March 2019

For the year ended 31 March 2019						
Particulars	Equity share capital	Reserves and surplus	Items of other comprehensive income		Total	Total equity attributable to equity shareholders of the Company
		Retained earnings	Remeasurements of the net defined benefit liability			
Balance at 1 April 2018	10,000,000	(10,720,060)	(127,435)		(10,847,495)	(847,495)
Profit for the year		867,548	-		867,548	867,548
Other comprehensive income for the year (net of tax)			(10,597)		(10,597)	(10,597)
Total comprehensive income for the year		867,548	(10,597)		856,951	856,951
Balance at 31 March 2019	10,000,000	(9,852,512)	(138,032)		(9,990,544)	9,456

For the year ended 31 March 2018

For the year ended 31 March 2018					
Particulars	Equity share capital	Reserves and surplus	Items of other comprehensive income	Total	Total equity attributable to equity shareholders of the Company
		Retained earnings	Remeasurements of the net defined benefit liability		
Balance at 1 April 2017	10,000,000	(11,002,606)	-	(11,002,606)	(1,002,606)
Profit for the year		282,546	-	282,546	282,546
Other comprehensive income for the year (net of tax)			(127,435)	(127,435)	(127,435)
Total comprehensive income for the year		282,546	(127,435)	155,111	155,111
Balance at 31 March 2018	10,000,000	(10,720,060)	(127,435)	(10,847,495)	(847,495)

As per our report of even date attached  
for JERRY, SUNNY & RAJESH  
Chartered Accountants  
Firm's registration number: 001326S



Sunny Varghese  
Partner  
Membership Number : 028612

for and on behalf of the Board of Directors  
SFS Pharma Logistics Private Limited  
U63090KL2011PTC029554

Rajesh S  
Director  
DIN: 08093860

Mohan Kurian  
Director  
DIN: 03260152

Kochi  
25 May 2019

Kochi  
25 May 2019

	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>A. Cash flows from operating activities</b>		
Profit / (Loss) before taxes	864,337	407,758
<b>Adjustments for :</b>		
Depreciation and amortisation	212,378	216,480
Finance costs	372,580	424,099
Interest income	-	(493)
Bad debts written off	28,574	
Unclaimed credit balance no longer required written back	(54,616)	(5,624)
<b>Operating cash flows before working capital changes</b>	<b>1,423,253</b>	<b>1,042,220</b>
<b>Changes in working capital</b>		
<b>Adjustments for (increase)/decrease in operating assets :</b>		
Inventories	104,814	(155,011)
Trade Receivables	(783,771)	(1,243,158)
Other current financial assets	(985,771)	(1,526,251)
Other Current Assets	115,464	72,171
	<b>(1,549,264)</b>	<b>(2,852,249)</b>
<b>Adjustments for increase / (decrease) in operating liabilities</b>		
Trade payables	(529,781)	2,549,851
Other financial liabilities	2,336,899	685,408
Non-current Provisions	15,620	96,700
Current Provisions	5,000	39,360
Other Current Liabilities	85,904	-
	<b>1,913,642</b>	<b>3,371,319</b>
<b>Cash used in operating activities before taxes</b>	<b>(503,844)</b>	<b>(191,379)</b>
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>1,283,787</b>	<b>1,369,911</b>
<b>B. Cash flows from investing activities</b>		
Capital expenditure on fixed assets, including capital advances	(2,500)	(186,047)
- Interest received	-	493
<b>Net cash used in from investing activities (B)</b>	<b>(2,500)</b>	<b>(185,554)</b>
<b>C. Cash flows from financing activities</b>		
Repayment of borrowings to Holding Company	(800,000)	(300,000)
Interest paid	(462,677)	(544,948)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>(1,262,677)</b>	<b>(844,948)</b>
<b>Net increase / (Decrease) in cash and cash equivalents</b>	<b>18,610</b>	<b>339,409</b>
Cash and cash equivalents at the beginning of the year	416,440	77,031
<b>Cash and cash equivalents at the end of the year ( refer note 8)</b>	<b>435,050</b>	<b>416,440</b>

Significant accounting policies (refer to note 2)

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for JERRY, SUNNY &amp; RAJESH

Chartered Accountants

Firm's registration number: 001326S

Sunny Varghese

Partner

Membership Number : 028612



for and on behalf of the Board of Directors  
**SFS Pharma Logistics Private Limited**  
 U63090KL2011PTC029554

**Rajesh S**  
 Director  
 DIN: 08093860

**Mohan Kurian**  
 Director  
 DIN: 03260152

**SFS Pharma Logistics Private Limited**

**Notes to the financial statements for the year ended 31 March 2019(continued)**

All amounts in Indian rupees , except share data and where otherwise stated

**3 Property, plant and equipment**

Reconciliation of carrying amount	Plant and Equipment	Furniture and Fixtures	Office Equipments	Total	Capital work in progress	Total
<b>Cost or deemed cost</b>						
Balance at 1 April 2017	2,887,479	1	-	2,887,480		2,887,480
Additions	128,000	11,097	30,000	169,097		169,097
Deletions	-	-	-	-		-
<b>Balance at 31 March 2018</b>	<b>3,015,479</b>	<b>11,098</b>	<b>30,000</b>	<b>3,056,577</b>	-	<b>3,056,577</b>
Balance at 1 April 2018	3,015,479	11,098	30,000	3,056,577	-	3,056,577
Additions	-	-	2,500	2,500	-	2,500
Deletions	-	-	-	-	-	-
<b>Balance at 31 March 2019</b>	<b>3,015,479</b>	<b>11,098</b>	<b>32,500</b>	<b>3,059,077</b>	-	<b>3,059,077</b>
<b>Accumulated depreciation</b>						
Balance at 1 April 2017	196,695	-	-	196,695		196,695
Depreciation for the year	205,229	5,251	6,000	216,480	-	216,480
Deletions	-	-	-	-	-	-
<b>Balance at 31 March 2018</b>	<b>401,924</b>	<b>5,251</b>	<b>6,000</b>	<b>413,175</b>	-	<b>413,175</b>
Balance at 1 April 2018	401,924	5,251	6,000	413,175	-	413,175
Depreciation for the year	205,229	649	6,500	212,378	-	212,378
Deletions	-	-	-	-	-	-
<b>Balance at 31 March 2019</b>	<b>607,153</b>	<b>5,900</b>	<b>12,500</b>	<b>625,553</b>	-	<b>625,553</b>
<b>Carrying amount (net)</b>						
At 31 March 2018	2,613,555	5,847	24,000	2,643,402	-	2,643,402
At 31 March 2019	2,408,326	5,198	20,000	2,433,524	-	2,433,524



**SFS Pharma Logistics Private Limited**

**Notes to the financial statements for the year ended 31 March 2019 (continued)**

All amounts in Indian rupees , except share data and where otherwise stated

	As at 31 March 2019	As at 31 March 2018
<b>4 Other financial assets</b>		
<b>Current</b>		
<i>Unsecured Considered Good</i>		
Prepaid expenses	30,186	55,651
Deposits	199,000	129,520
Employee advances	-	11,000
Advance to Contractors	750,000	-
Unbilled revenue	17,185	378,308
	<u>996,371</u>	<u>574,479</u>
Contractually reimbursable expenses:		
<i>Unsecured</i>		
Considered good	2,113,271	1,549,392
Considered doubtful	-	-
	<u>2,113,271</u>	<u>1,549,392</u>
Less: provision	-	-
	<u>2,113,271</u>	<u>1,549,392</u>
	<u>3,109,642</u>	<u>2,123,871</u>
<b>5 Other Assets</b>		
<b>Non-Current</b>		
Advance Income Tax	632,373	128,529
	<u>632,373</u>	<u>128,529</u>
<b>Current</b>		
Balances with government authorities		
-GST / CENVAT credit receivable	-	115,464
	<u>-</u>	<u>115,464</u>
<b>6 Inventories</b>		
( at lower of cost and net realisable value)		
Packing Materials	1,404,133	1,508,947
	<u>1,404,133</u>	<u>1,508,947</u>



	As at 31 March 2019	As at 31 March 2018
<b>7 Trade receivables</b>		
(a) Trade receivables considered good-Secured	-	-
(b) Trade receivables considered good- Unsecured	2,207,372	1,452,175
(c) Trade receivables which have significant increase in Credit risk	-	-
(d) Trade receivables considered good- credit impaired	-	-
	<u>2,207,372</u>	<u>1,452,175</u>
(e) Allowances for expected credit loss	-	-
	<u>2,207,372</u>	<u>1,452,175</u>
<b>8 Cash and Cash Equivalents</b>		
Balances with banks		
In current accounts	435,050	416,440
<b>Total cash and cash equivalents</b>	<u>435,050</u>	<u>416,440</u>



	As at 31 March 2019	As at 31 March 2018
<b>9 Share capital</b>		
<b>Authorised capital</b>		
10,00,000 Equity Shares of Rs.10 each	10000000	10000000
	<b>10,00,000</b>	<b>10,00,000</b>
<b>Issued, subscribed and paid-up capital</b>		
10,00,000 Equity Shares of Rs.10 each fully paid up	10,00,000	10,00,000
	<b>10,00,000</b>	<b>10,00,000</b>

a. Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting year is as given

i) Equity shares:

Particulars	As at 31 March 2019		As at 31 March 2018	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning of the year	1,000,000	10,00,000	1,000,000	10,00,000
Number of shares issued during the year	-	-	-	-
<b>Number of shares at the end of the year</b>	<b>1,000,000</b>	<b>10,00,000</b>	<b>1,000,000</b>	<b>10,00,000</b>

b. Rights, preferences and restrictions attached to shares

i) Equity shares:

The Company has only one class of Equity Shares having a par value of Rs. 10/- per share. Each holder of the Equity Shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by shareholders.

c. Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

i) Equity shares:

Particulars	As at 31 March 2019		As at 31 March 2018	
	No. of shares	% holding	No. of shares	% holding
<i>Equity shares</i>				
M/s. Aspinwall and Company Limited	1,000,000	100%	1,000,000	100%
	<b>1,000,000</b>	<b>100%</b>	<b>1,000,000</b>	<b>100%</b>

All the above 10,00,000 (10,00,000) Equity Shares are held by the Holding Company, M/s Aspinwall and Company Limited and its nominees.



	As at 31 March 2019	As at 31 March 2018
<b>10 Borrowings</b>		
Non Current		
Unsecured - Loan from Holding Company	-	4,000,000
		<b>4,000,000</b>
<b>11 Other Financial Liabilities</b>		
Non-Current		
Interest accrued but not due on borrowings	-	90,097
		<b>90,097</b>
Current		
Current Maturities of Long term debt - due to Holding Company	3,200,000	-
Recoverable Expenses	64,274	-
Advance from customers	138,381	174,443
Withholding taxes and statutory dues	69,773	47,355
Due to Holding Company	2,850,474	560,255
Others	21,914	25,864
	<b>6,344,816</b>	<b>807,917</b>
	As at 31 March 2019	As at 31 March 2018
<b>12 Trade payables</b>		
Current		
Total outstanding dues of Micro Enterprises and Small Enterprises (Refer note 23)	-	-
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	3,349,288	3,933,685
	<b>3,349,288</b>	<b>3,933,685</b>
<b>13 Others</b>		
Current		
Goods and Service Tax payable	85,904	-
	<b>85,904</b>	-
<b>14 Provisions</b>		
Non-Current		
Provision for Gratuity (Non Funded)	254,740	223,510
Provision for Compensated absences (Non Funded)	114,750	116,040
	<b>369,490</b>	<b>339,550</b>
Current		
Provision for Gratuity (Non Funded)	31,000	25,000
Provision for Compensated absences (Non Funded)	24,000	25,000
	<b>55,000</b>	<b>50,000</b>



	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>15 Revenue from operations</b>		
Sale of Services :		
Forwarding	16,264,851	9,817,776
	<u>16,264,851</u>	<u>9,817,776</u>
<b>16 Other income</b>		
(i) Interest income comprise:		
Interest on Income Tax Refund	-	493
(ii) Others:		
Liabilities / Provisions no longer required written back	54,616	5,024
Miscellaneous Income	7	3
	<u>54,622</u>	<u>6,120</u>
<b>17 Employee benefits expense</b>		
(a) Salaries, Wages and Bonus	2,795,837	2,282,808
(b) Contribution to Provident and Other Funds	216,498	170,678
(c) Gratuity (Non Funded)	76,172	188,790
(d) Staff Welfare Expenses	116,267	114,024
(e) Remeasurement of employee benefits to OCI	(14,320)	(172,210)
	<u>3,190,454</u>	<u>2,584,090</u>
<b>18 Finance costs</b>		
Interest expense on :		
Others	3	19
Loan from Holding Company	372,577	424,080
	<u>372,580</u>	<u>424,099</u>
<b>19 Other expenses</b>		
Consumption of Packing Materials	1,166,616	119,515
Handling Expenses	6,636,117	4,022,998
Transporting Charges	1,740,954	530,326
Power and Fuel	57,556	55,930
Rent	538,000	183,560
Repairs and Maintenance - Buildings	58,309	75,049
Repairs and Maintenance - Others	64,130	56,360
Rates and taxes	66,489	26,381
Communication	63,708	68,863
Travelling and Conveyance	550,833	483,349
Printing and Stationery	14,875	12,580
Legal and Professional	83,500	123,100
Bad debts written off	28,574	-
Exchange Loss (net)	92,189	194,255
Miscellaneous Expenses	417,875	164,203
Payments to auditors (Refer Note 19.1 below)	100,000	75,000
	<u>11,679,725</u>	<u>6,191,469</u>
<b>Note 19.1- Payments to Auditors comprises</b>		
( net of service tax input credit , where applicable)		
To Statutory Auditors		
For Statutory Audit	75,000	75,000
For Tax Audit	20,000	-
Charges for services	5,000	-
	<u>100,000</u>	<u>75,000</u>



**SFS Pharma Logistics Private Limited**

**Notes to the financial statements for the year ended 31 March 2019(continued)**

All amounts in Indian rupees , except share data and where otherwise stated

**Additional information to the financial statements**

**20 Earnings / (loss) per share**

The calculation of profit attributable to equity share holders and weighted average number of equity shares outstanding for the purpose of basic earnings / (loss) per share calculations are as follows:

	Year ended 31 March 2019	Year ended 31 March 2018
Net profit for the year attributable to the equity shareholders (in Rs.)	867,548	282,546
Weighted average number of equity shares ( Nos.)	1,000,000	1,000,000
Par value per share (Rs)	10.00	10.00
Earning per share - Basic/Diluted	0.87	0.28

**21 Related parties**

**A. Related Party relationships**

Names of related parties and description of relationship with the Company:

(a) Holding Company

Aspinwall and Company Limited

(b) Fellow Subsidiaries

a) Aspinwall Technologies Limited

b) Aspinwall Geotech Limited

c) Malabar Coast Marine Services Private Limited

Note: Related parties have been identified by the Management and relied upon by the auditors



**SFS Pharma Logistics Private Limited**

**Notes to the financial statements for the year ended 31 March 2019(continued)**

All amounts in Indian rupees , except share data and where otherwise stated

**22 Related parties (continued)**

**B. Related party transactions**

Transaction	Related Party	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Expenses reimbursed / contractually reimbursable expenses	Aspinwall and Company Limited	955,343	541,994
Services received	Aspinwall and Company Limited	1,563,400	972,177
Interest Expense	Aspinwall and Company Limited	372,577	424,080
Payments met by Holding Company on behalf of the Company	Aspinwall and Company Limited	3,701,734	1,727,770
Payments to Holding Company	Aspinwall and Company Limited	5,332,370	1,985,046
Repayment of Loan to Holding Company	Aspinwall and Company Limited	800,000	300,000
<b>Balance as at year end</b>			
Long term borrowings	Aspinwall and Company Limited	3,200,000	4,000,000
Other non current financial liabilities	Aspinwall and Company Limited	-	90,097
Other current financial liabilities	Aspinwall and Company Limited	2,850,474	560,255
Trade payables	Aspinwall and Company Limited	1,201,318	2,140,756

**23 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act)**

Particulars	As at 31 March 2019	As at 31 March 2018
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.



## 24 Tax assets, liabilities and reconciliations

### A. Deferred tax (asset)/ liabilities

#### (a) Movement in deferred tax balances for the year ended 31 March 2019

	Net balance 1 April 2018	Recognised in profit or loss	Recognised in OCI	As at 31 March 2019		
				Net	Deferred tax asset	Deferred tax liability
<b>Deferred tax (asset)/ liabilities</b>						
Property, plant and equipment	116,155	2,151		118,306	-	118,306
Employee benefits*	(101,081)	(5,362)	(3,723)	(110,166)	110,166	-
<b>Net deferred tax</b>	<b>15,074</b>	<b>(3,211)</b>	<b>(3,723)</b>	<b>8,140</b>	<b>110,166</b>	<b>118,306</b>

#### (b) Movement in deferred tax balances for the year ended 31 March 2018

	Net balance 1 April 2017	Recognised in profit or loss	Recognised in OCI	As at 31 March 2018		
				Net	Deferred tax asset	Deferred tax liability
<b>Deferred tax (asset)/ liabilities</b>						
Property, plant and equipment	33,265	82,890	-	116,155	-	116,155
Employee benefits*	(20,930)	(35,376)	(44,775)	(101,081)	101,081	-
<b>Net deferred tax</b>	<b>12,335</b>	<b>47,514</b>	<b>(44,775)</b>	<b>15,074</b>	<b>101,081</b>	<b>116,155</b>

\*Includes provision for gratuity, provision for leave encashment, provision for bonus and actuarial gain/ loss on remeasurment of defined benefit liability recognised in Other comprehensive income.

#### (c) Notes:

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income by each jurisdiction in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

### B. Other tax assets

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Non current</b>		
Advance tax, net of provision for tax	632,373	128,529
	<b>632,373</b>	<b>128,529</b>

### C. Reconciliation of effective tax rate

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Profit / (loss) before tax</b>	864,337	407,758
Company's domestic tax rate- MAT	19.24%	19.055%
Tax using Company's domestic tax rate	166,298	77,698
Impact of:		
Deferred Tax liabilities recognized	(3,211)	47,514
MAT Credit entitlement	(103,769)	-
Minimum Alternate Tax	-	77,698
Others	(62,529)	-
Income tax expense	<b>(3,211)</b>	<b>125,212</b>
Effective tax rate	<b>-0.37%</b>	<b>30.71%</b>

Company has sufficient carry forward loss for set off against future taxable income. However Minimum Alternate Tax (MAT) has been provided on the book profits of the Company, computed under section 115 JB of the Central Income Tax Act, 1961 since Company has incurred tax losses during previous year, no provision has been created for Current Tax.



## 25 Employee Benefits

**(i) Defined Contribution Plans:**

The Company makes contributions towards provident fund for qualifying employees. Amount of Rs. 1,41,983/- (31 March 2018: 1,06,553/-) has been recognised and included in "Contribution to provident and other funds" in the statement of profit and loss on account of provident fund.

The Company recognized Rs. 74,515/- (31 March 2018: Rs. 64,125/-) for superannuation contribution and other retirement benefit contributions in the statement of profit and loss.

**(ii) Defined Benefit Plan:**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on death or resignation or retirement at 15 days salary (last drawn salary) for each completed year of service. The scheme is unfunded and an amount of Rs. 76,172/- (31 March 2018: Rs. 1,88,790/-) has been recognised and included in "Contribution to provident and other funds" in the statement of profit and loss on account of provision.

**Movement in net defined benefit liability / (asset)**

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability / (asset) and

	Defined benefit obligation		Net defined benefit liability / (asset)	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Opening balance	248,510	59,720	248,510	59,720
Current service cost	45,130	12,520	45,130	12,520
Interest cost / (income)	16,720	4,060	16,720	4,060
Actuarial (gain) or loss on financial assumptions	-	-	-	-
Actuarial (gain) or loss on experience adjustments	-	-	-	-
Past service cost	-	-	-	-
	<b>310,360</b>	<b>76,300</b>	<b>310,360</b>	<b>76,300</b>
<b>Included in OCI</b>				
Remeasurement loss (gain):				
Actuarial loss / (gain) arising from:				
Demographic assumptions	-	-	-	-
Financial assumptions	6,030	(9,040)	6,030	(9,040)
Experience adjustment	8,290	181,250	8,290	181,250
Actual Return on plan assets excluding interest income	-	-	-	-
	<b>14,320</b>	<b>172,210</b>	<b>14,320</b>	<b>172,210</b>
<b>Other</b>				
Contributions paid by the employer	-	-	-	-
Benefits paid	(38,940)	-	(38,940)	-
<b>Closing balance</b>	<b>285,740</b>	<b>248,510</b>	<b>285,740</b>	<b>248,510</b>

**Represented by**

Net defined benefit asset	-	-
Net defined benefit liability	285,740	248,510
	<b>285,740</b>	<b>248,510</b>

**i. Actuarial assumptions**

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	31 March 2019	31 March 2018
Discount rate	7.00% p.a	7.30% p.a
Salary escalation rate	8% p.a	8% p.a
Mortality rate	12%	12%

Assumptions regarding future mortality have been based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows



**ii. Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	31 March 2019		31 March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(19,240)	21,920	(16,470)	18,680
Salary escalation rate (1% movement)	21,550	(137,220)	18,420	(16,550)
Withdrawal rate (1% movement)	(2,130)	2,130	(1,790)	1,910

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

**iii. Maturity Profile of defined benefit obligation**

	Gratuity	
	31 March 2019	31 March 2018
Year 1	31640	25760
Year 2	32950	32510
Year 3	37880	34140
Year 4	46270	39160
Year 5	49080	50320
Year 6 to 10	317080	293490

**iv Actuarial assumptions for long term compensated absences**

	31 March 2019	31 March 2018
Discount rate	7.00%	7.30%
Salary escalation rate	8%	8%
Attrition		
Management staff	12%	12%



26 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 31 March 2019 were as follows,

	Carrying Value		Fair Value			
	Amortised cost	Financial assets/ liabilities at FVTPL (Mandatorily)	Total carrying value	Level 1	Level 2	Level 3
<b>Assets</b>						
Inventories	1,404,133	-	1,404,133	-	-	-
Trade receivables	2,207,372	-	2,207,372	-	-	-
Cash and Cash Equivalents	435,050	-	435,050	-	-	-
Other financial assets	3,109,642	-	3,109,642	-	-	-
	<b>7,156,197</b>	-	<b>7,156,197</b>	-	-	-
<b>Liabilities</b>						
Borrowings	-	-	-	-	-	-
Trade payables	3,349,288	-	3,349,288	-	-	-
Other financial liabilities	6,344,816	-	6,344,816	-	-	-
	<b>9,694,104</b>	-	<b>9,694,104</b>	-	-	-

The carrying value and fair value of financial instruments by categories as of 31 March 2018 were as follows,

	Carrying Value		Fair Value			
	Amortised cost	Financial assets/ liabilities at FVTPL (Mandatorily)	Total carrying value	Level 1	Level 2	Level 3
<b>Assets</b>						
Inventories	1,508,947	-	1,508,947	-	-	-
Trade receivables	1,452,175	-	1,452,175	-	-	-
Cash and Cash Equivalents	416,440	-	416,440	-	-	-
Other financial assets	2,123,871	-	2,123,871	-	-	-
	<b>5,501,433</b>	-	<b>5,501,433</b>	-	-	-
<b>Liabilities</b>						
Borrowings	4,000,000	-	4,000,000	-	-	-
Trade payables	3,933,685	-	3,933,685	-	-	-
Other financial liabilities	898,014	-	898,014	-	-	-
	<b>8,831,699</b>	-	<b>8,831,699</b>	-	-	-



**26 Financial instruments (continued)**

**Capital management**

The key objective of the Company's capital management is to ensure that it maintains a stable capital structure with the focus on total equity to uphold investor, creditor and customer confidence and to ensure future developments of the business. The Company is focused on maintaining a strong equity base to ensure independence, security as well as financial flexibility for potential future borrowings, if required, without impacting the risk profile of the Company.

The Company's debt to equity ratio at the reporting date are as follows:

	As at 31 March 2019	As at 31 March 2018
Total liabilities	10,212,638	9,236,323
Less: Cash and cash equivalents	435,050	416,440
<b>Net debt</b>	<b>9,777,588</b>	<b>8,819,883</b>
<b>Total equity</b>	<b>9,456</b>	<b>(847,495)</b>
<b>Debt to equity ratio</b>	<b>1,034.02</b>	<b>(10.41)</b>

There are no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements

**Financial risk management**

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

- (i) Credit risk;
- (ii) Liquidity risk; and
- (iii) Market risk

**Risk management framework**

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors is 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 appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The board of directors oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

**(i) Credit risk**

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

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

**Trade receivables**

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

Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers based on which the Company agrees on the credit terms with customers in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors and the Company's historical experience for customers.

**Credit risk exposure**

The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2019 was Rs. Nil (2018 - Rs. Nil).

**(ii) Liquidity risk**

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



## 26 Financial instruments (continued)

## Financial risk management (continued)

## (ii) Liquidity risk (continued)

The Company's objective is to maintain a balance between continuity of funding and flexibility through by ensuring adequate internally generated funds.

## Exposure to liquidity risk

The contractual undiscounted cash flows associated with financial liabilities at reporting dates are as follows:

		Contractual cash flows					
31 March 2019	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Financial liabilities							
Rupee term loans from related parties	-	-	-	-	-	-	-
Trade payables	3,349,288	3,349,258	3,349,258	-	-	-	-
Other financial liabilities	6,344,816	6,344,816	-	6,344,816	-	-	-
		Contractual cash flows					
31 March 2018	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Financial liabilities							
Rupee term loans from related parties	4,000,000	4,000,000	-	-	4,000,000	-	-
Trade payables	3,933,685	3,933,685	3,933,685	-	-	-	-
Other financial liabilities	898,014	898,014	-	807,917	90,097	-	-

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to financial liabilities.



## 26 Financial instruments (continued)

## (iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

As of now, the Company have not entered into any sort of derivative contracts, in order to manage market risks.

## Foreign currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which transactions are denominated and the functional currency of the Company. The functional currency of company is INR. The currencies in which these transactions are primarily denominated is USD, GBP, SGD and JPY.

The summary quantitative data about the Company's exposure to currency risk at the end of reporting period expressed in INR are as follows:

As at 31 March 2019	USD	GBP	EURO	JPY	SGD
Financial assets					
Trade receivables	1,381,476	141,399	-	-	-
<b>Net exposure to foreign currency risk (assets)</b>	<b>1,381,476</b>	<b>141,399</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financial liabilities					
Trade payables	-	301,940	344,796	-	-
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>-</b>	<b>301,940</b>	<b>344,796</b>	<b>-</b>	<b>-</b>
As at 31 March 2018	USD	GBP	EURO	JPY	SGD
Financial assets					
Trade receivables	1,083,775	-	-	-	102,017
<b>Net exposure to foreign currency risk (assets)</b>	<b>1,083,775</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>102,017</b>
Financial liabilities					
Trade payables	63,509	213,753	-	51,595	-
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>63,509</b>	<b>213,753</b>	<b>-</b>	<b>51,595</b>	<b>-</b>

## Sensitivity analysis

The sensitivity of profit or loss to changes in exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	Impact on profit or (loss)		Impact on equity, net of tax	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
<b>USD Sensitivity</b>				
INR/USD - Increase by 1%	13,815	10,203	11,157	8,259
INR/USD - Decrease by 1%	(13,815)	(10,203)	(11,157)	(8,259)
<b>GBP Sensitivity</b>				
INR/GBP - Increase by 1%	(1,605)	(2,138)	(1,296)	(1,730)
INR/GBP - Decrease by 1%	1,605	2,138	1,296	1,730
<b>EURO Sensitivity</b>				
INR/GBP - Increase by 1%	(3,448)	-	(2,785)	-
INR/GBP - Decrease by 1%	3,448	-	2,785	-
<b>JPY Sensitivity</b>				
INR/GBP - Increase by 1%	-	(516)	-	(418)
INR/GBP - Decrease by 1%	-	516	-	418
<b>SGD Sensitivity</b>				
INR/SGD - Increase by 1%	-	1,020	-	826
INR/SGD - Decrease by 1%	-	(1,020)	-	(826)



## 26 Financial instruments (continued)

L. Assets	Foreign currency	As at 31 March 2019			As at 31 March 2018		
		Exchange rate	Amount in foreign currency	Rs	Exchange rate	Amount in foreign currency	Rs
Receivables (trade and other) - (A)	USD	68.69	20,112	1,381,476	63.69	17,016	1,083,775
	SGD	-	-	-	47.41	2,152	102,017
	GBP	89.55	1,579	141,399	-	-	-
Hedges by derivate contracts (B)	USD	-	-	-	-	-	-
	SGD	-	-	-	-	-	-
	GBP	-	-	-	-	-	-
Unhedged (C) - (A)-(B)	USD	68.69	20,112	1,381,476	63.69	17,016	1,083,775
	SGD	-	-	-	47.41	2,152	102,017
	GBP	89.55	1,579	141,399	-	-	-

II. Liabilities	Foreign currency	As at 31 March 2019			As at 31 March 2018		
		Exchange rate	Amount in foreign currency	Rs	Exchange rate	Amount in foreign currency	Rs
Payables (trade and other) - (A)	USD	-	-	-	64.15	990	63,509
	GBP	90.91	3,321	301,940	86.61	2,468	213,753
	JPY	-	-	-	0.57	90,390	51,595
	EURO	78.17	4,410	344,796	-	-	-
Hedges by derivate contracts-(B)	USD	-	-	-	-	-	-
	GBP	-	-	-	-	-	-
	JPY	-	-	-	-	-	-
	EURO	-	-	-	-	-	-
Unhedged (C) - (A)-(B)	USD	-	-	-	64.15	990	63,509
	GBP	90.91	3,321	301,940	86.61	2,468	213,753
	JPY	-	-	-	0.57	90,390	51,595
	EURO	78.17	4,410	344,796	-	-	-



27 Financial instruments (continued)

Financial risk management (continued)

Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates to the Company's long-term debt with holding company.

for JERRY, SUNNY & RAJESH

Chartered Accountants

Firm's registration number: 001326S



Sunny Varghese

Partner

Membership Number : 028612



for and on behalf of the Board of Directors

SFS Pharma Logistics Private Limited

U63090KL2011PTC029554



Rajesh S

Director

DIN: 08093860



Mohan Kurian

Director

DIN:03260152

Kochi

25 May 2019

Kochi

25 May 2019

**SFS Pharma Logistics Private Limited**  
**Notes forming part of the financial statements for the year ended 31<sup>st</sup> March, 2019**

## **1 Corporate Information**

SFS Pharma Logistics Private Limited is a wholly owned subsidiary of Aspinwall and Company Limited. The main activity of this Company is logistics assistance in India and abroad for clinical trial shipments and pharma products.

## **2 Basis of preparation and significant accounting policies:**

### **2.1 Statement of compliance**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of Companies Act, 2013, (the 'Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and other relevant provisions of the Act.

The standalone financial statements were authorised for issue by the Company's Board of Directors on 25<sup>th</sup> May 2019.

### **2.2 Functional and presentation currency**

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest rupees, unless otherwise indicated.

#### **Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following item:

<b>Items</b>	<b>Basis</b>
Net defined benefit liability	Present value of defined benefit obligations

### **2.3 Use of estimates and judgements**

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the



## **SFS Pharma Logistics Private Limited**

**Notes forming part of the financial statements for the year ended 31<sup>st</sup> March, 2019**

reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

### **i. Judgements:**

There are no significant judgements made in applying accounting policies that have the most material effects on the amounts recognised in the financial statements.

### **ii. Assumptions and estimation uncertainties:**

#### **a) Useful lives of Property, plant and equipment**

Property, plant and equipment and intangible assets represent a proportion of the asset base of the Company. The charge in respect of periodic depreciation and amortisation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful life and residual values of Company's assets are determined by Management at the time the asset is acquired and reviewed periodically, including each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

#### **b) Others:**

Further information about assumptions and estimation of uncertainties that have significant risk of resulting in a material adjustment for the year 31 March 2018 is included in the following notes:

Note 24 – Deferred Tax

Note 25 – measurement of defined benefit obligations: key actuarial assumptions

### **2.4 Measurement of fair values**

A number of Company's accounting policies and disclosures require the measurement of fair values, for financial assets and liabilities.



## **SFS Pharma Logistics Private Limited**

**Notes forming part of the financial statements for the year ended 31<sup>st</sup> March, 2019**

### **2.4 Measurement of fair values (continued)**

The Company has an established frame work with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Director.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as interest rates, guarantee commission and pricing services are used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that these valuation meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuation should be classified.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices are included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the input used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between the levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

### **2.5 Revenue recognition**

#### Income from services

Incomes from services are accounted on completion of jobs.

#### Other Income



**SFS Pharma Logistics Private Limited**  
**Notes forming part of the financial statements for the year ended 31<sup>st</sup> March, 2019**

In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired).

## **2.6 Inventories**

Inventories are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, wherever considered necessary. The cost of inventory is determined on weighted average basis. Cost includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their present location and condition including octroi and other levies, transit insurance and receiving charges. Inventory is charged to statement of profit and loss on consumption.

## **2.7 Property, plant and equipment**

### **i. Recognition and measurement**

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs if any, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

### **ii. Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment (see Note 3 on Ind AS 101).

### **iii. Subsequent expenditure**

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.



## **2.7 Property, plant and equipment (continued)**

### **iv. Depreciation**

Depreciation is provided on the cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives prescribed in Schedule II to the Companies Act, 2013 using the Straight Line Method ('SLM').

Depreciation on additions during the year is provided for on a pro-rata basis i.e., from the date on which asset is acquired. Depreciation on disposals is provided on a pro-rata basis i.e. upto the date on which asset is disposed off.

## **2.8 Financial Instruments**

### **i. Recognition and initial measurement**

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

The Company measures a financial asset or a financial liability at its fair value. In the case of a financial asset or a financial liability measured not at fair value through profit or loss, the transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability are adjusted in the value of the financial asset or financial liability.

### **ii. Classification and subsequent measurement**

#### **a. Financial assets:**

On initial recognition, a financial asset is classified as measured at:

- amortised cost; or
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset 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. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. A financial asset is subsequently measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets 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. These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

***b. Financial liabilities: Classification, subsequent measurement and gains and losses:***

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and



## **SFS Pharma Logistics Private Limited**

### **Notes forming part of the financial statements for the year ended 31<sup>st</sup> March, 2019**

foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

#### **iii. Derecognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognised from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

#### **iv. Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### **v. Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

### **2.9 Employee benefits**

Employee benefits include short-term employee benefits, provident fund, superannuation fund, gratuity and compensated absences.

#### **i. Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.



**2.9 Employee benefits (continued)**

**ii. Post employment benefits**

**- Gratuity**

The Company has an obligation towards gratuity, a defined retirement benefit covering all eligible employees. It provides for a lump sum payment to vested employees as per the Payment of Gratuity Act, 1972 and is payable on the exit of the employees after completion of at least five years of service. However any exit due to death or total disability to do any gainful employment, this service minimum is ignored. The present value of this defined benefit obligation and the related current service cost are measured, using the Projected Unit Credit Method, by actuarial valuation at the balance sheet date and provided.

**ii. Post employment benefits (continued)**

**-Provident Fund**

The eligible employees of the Company are entitled to receive benefits under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, a defined contribution plan, in which both employees and the Company make fixed contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary).

**-Superannuation**

The Company makes contributions equal to a specified percentage of the covered employee's basic salary and DA, to a fund managed by the Life Insurance Corporation of India (LIC). The Company has no further obligations beyond its contributions.

**iii. Other long-term employee benefits**

All employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within twelve months after the end of the period in which the employees render the related services are determined based on actuarial valuation or discounted present value method carried out at each balance sheet date. The expected cost of accumulated compensated absences is



**SFS Pharma Logistics Private Limited**

**Notes forming part of the financial statements for the year ended 31<sup>st</sup> March, 2019**

determined by actuarial valuation performed by an independent actuary as at 31 March every year using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date.

**2.10 Taxation**

**(a) Current Tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset or settle the liability on a net basis or simultaneously.

**(b) Minimum Alternate Tax (MAT)**

MAT paid in accordance with provisions of Income Tax Act, 1961 which gives rise to future economic benefits in the form of adjustment of future Income Tax liability, is being absorbed in the Statement of Profit and Loss and the credit is being recognised when it is probable that the future economic benefit associated with it will flow to the Company.

**(c) Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is a strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the



## **SFS Pharma Logistics Private Limited**

### **Notes forming part of the financial statements for the year ended 31<sup>st</sup> March, 2019**

Company recognises a deferred tax asset only to the extent that there is convincing evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

#### **2.11 Earnings per share (EPS)**

Basic earnings per share ('EPS') is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of shares outstanding during the year.

Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period except where the result would be anti-dilutive.

#### **2.12 Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income



## **SFS Pharma Logistics Private Limited**

**Notes forming part of the financial statements for the year ended 31<sup>st</sup> March, 2019**

or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

### **2.13 Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity period of three months or less from the date of acquisition) that are readily convertible into known amounts of cash.

### **2.14 Operating Cycle**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

### **2.15 Goods and Service Tax ('GST') input credit**

GST input credit is accounted for in the books in the period in which the underlying goods or service received is accounted and when there is reasonable certainty in availing / utilising the credits.

#### ***Recent Accounting Pronouncements***

##### **i. Standards issued but not effective on Balance sheet date:**

##### **Ind AS 116, Leases**

The Company is required to adopt Ind AS 116, Leases from 1 April 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.



**SFS Pharma Logistics Private Limited**

**Notes forming part of the financial statements for the year ended 31<sup>st</sup> March, 2019**

Lessees are required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Company plans to apply Ind AS 116 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information.

The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply Ind AS 116 to all contracts entered into before 1 April 2019 and identified as leases in accordance with Ind AS 17. The Company is in the process of evaluating the impact of adoption of Ind AS 116.

**Other Amendments**

The MCA has notified below amendments which are effective 1 April 2019:

Appendix C to Ind AS 12, Income taxes

Amendments to Ind AS 103, Business Combinations

Amendments to Ind AS 109, Financial Instruments

Amendments to Ind AS 111, Joint Arrangements

Amendments to Ind AS 19, Employee Benefits

Amendments to Ind AS 23, Borrowing Costs

Amendments to Ind AS 28, Investments to Associates and Joint Ventures

Based on Preliminary work, the Company does not expect these amendments to have any significant impact on its Financial statements.

