

**SFS PHARMA LOGISTICS PRIVATE LIMITED**

**ACCOUNTS**

**2019-2020**

SFS Pharma Logistics Private Limited

Balance Sheet as at 31 March 2020

(All amounts in Indian Rupees, except share data and where otherwise stated)

	Notes	As at 31 March 2020	As at 31 March 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	3	2,947,432	2,433,524
Income-tax assets (net)	22	638,792	632,373
Deferred tax assets (net)	22	2,598	-
<b>Total Non-current assets</b>		<b>3,588,822</b>	<b>3,065,897</b>
<b>Current assets</b>			
Inventories	6	1,756,224	1,404,133
<b>Financial Assets</b>			
Trade receivables	7	2,882,880	2,207,372
Cash and cash equivalents	8	181,653	435,050
Other Financial Assets	4	4,045,939	2,329,456
Other current assets	5	8,265	780,186
<b>Total Current assets</b>		<b>8,874,961</b>	<b>7,156,197</b>
<b>Total Assets</b>		<b>12,463,783</b>	<b>10,222,094</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	9	10,000,000	10,000,000
Other equity		(9,970,490)	(9,990,544)
<b>Total Equity</b>		<b>29,510</b>	<b>9,456</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities (net)	22	-	8,140
Provisions	13	453,966	369,490
<b>Total Non-current liabilities</b>		<b>453,966</b>	<b>377,630</b>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
<b>Trade payables</b>			
- total outstanding dues of Micro Enterprises and Small Enterprises	11	-	-
- total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		3,603,257	3,349,288
Other Financial Liabilities	10	7,950,587	6,136,662
Other current liabilities	12	360,463	294,058
Provisions	13	66,000	55,000
<b>Total Current liabilities</b>		<b>11,980,307</b>	<b>9,835,008</b>
<b>Total Equity and Liabilities</b>		<b>12,463,783</b>	<b>10,222,094</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  
ICAI UDIN :20028612AAAAAY8973



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

**Rajesh S**  
Director  
DIN: 08093860

**Mohan Kurian**  
Director  
DIN:03260152

Place: Kochi  
Date: 29 June 2020

Place: Kochi  
Date: 29 June 2020

SFS Pharma Logistics Private Limited  
Statement of Profit and Loss for the year ended 31 March 2020  
(All amounts in Indian Rupees, except share data and where otherwise stated)

	Notes	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Income</b>			
Revenue from operations	14	15,972,340	16,264,851
Other income	15	89,411	54,623
<b>Total Income</b>		<b>16,061,751</b>	<b>16,319,474</b>
<b>Expenses</b>			
Employee benefits expense	16	3,370,237	3,190,454
Finance costs	17	322,340	372,580
Depreciation expense	3	311,142	212,378
Other expenses	18	12,045,079	11,679,725
<b>Total expenses</b>		<b>16,048,798</b>	<b>15,455,137</b>
<b>Profit Before Tax</b>		<b>12,953</b>	<b>864,337</b>
<b>Tax expense:</b>			
Current tax	22	2,021	103,769
Income-tax charge for earlier years		127	-
MAT credit entitlement		(2,021)	(103,769)
<b>Net current tax expense</b>		<b>127</b>	<b>-</b>
Deferred tax credit		(9,825)	(3,211)
<b>Total tax credit</b>		<b>(9,698)</b>	<b>(3,211)</b>
<b>Profit for the year</b>		<b>22,651</b>	<b>867,548</b>
<b>Other Comprehensive Income</b>			
<i>Items that will not be reclassified subsequently to statement of profit or loss</i>			
Remeasurement of defined benefit liability		(3,510)	(14,320)
Income-tax related to items that will not be reclassified to profit or loss	22	913	3,723
<b>Total Other Comprehensive Income for the year, net of income-tax</b>		<b>(2,597)</b>	<b>(10,597)</b>
<b>Total comprehensive income for the year</b>		<b>20,054</b>	<b>856,951</b>
<b>Earnings per equity share</b>			
(Equity shares of face value ₹ 10/- each)	19		
Basic		0.02	0.87
Diluted		0.02	0.87

**Significant accounting policies**

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

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Place: Kochi  
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**SFS Pharma Logistics Private Limited**  
**Cash Flow Statement for the year ended 31 March 2020**  
 (All amounts in Indian Rupees, except share data and where otherwise stated)

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>A. Cash flows from operating activities</b>		
Profit for the year (before tax)	12,953	864,337
<b>Adjustments for :</b>		
Depreciation	311,142	212,378
Finance costs	322,340	372,580
Interest income	(14,319)	-
Net unrealised exchange gain	(126,944)	-
Bad debts written off	-	28,574
Liabilities / provisions no longer required written back	(66,203)	(54,616)
<b>Operating profit before working capital changes</b>	<b>438,969</b>	<b>1,423,253</b>
<b>Changes in working capital</b>		
<b>Adjustments for (increase) / decrease in operating assets:</b>		
Inventories	(352,091)	104,814
Trade receivables	(540,975)	(783,771)
Other current Financial Assets	(1,716,483)	(205,585)
Other current assets	771,921	(664,722)
	<b>(1,837,628)</b>	<b>(1,549,264)</b>
<b>Adjustments for increase / (decrease) in operating liabilities:</b>		
Trade payables	312,583	(529,781)
Other Financial Liabilities	1,813,925	2,128,745
Non-current provisions	80,966	15,620
Current provisions	11,000	5,000
Other current liabilities	66,405	294,058
	<b>2,284,879</b>	<b>1,913,642</b>
<b>Cash flows from operating activities before taxes</b>	<b>886,220</b>	<b>1,787,631</b>
Income taxes paid, net of refund	(6,546)	(503,844)
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>879,674</b>	<b>1,283,787</b>
<b>B. Cash flows from investing activities</b>		
Purchase of Property, Plant and Equipment	(825,050)	(2,500)
Interest received	14,319	-
<b>Net cash used in from investing activities (B)</b>	<b>(810,731)</b>	<b>(2,500)</b>
<b>C. Cash flows from financing activities</b>		
Repayment of borrowings	-	(800,000)
Finance costs	(322,340)	(462,677)
<b>Net cash used in financing activities (C)</b>	<b>(322,340)</b>	<b>(1,262,677)</b>
<b>Net decrease in cash and cash equivalents (A + B + C)</b>	<b>(253,397)</b>	<b>18,610</b>
Cash and cash equivalents at the beginning of the year	435,050	416,440
<b>Cash and cash equivalents at the end of the year (refer note 8)</b>	<b>181,653</b>	<b>435,050</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 & RAJESH**

Chartered Accountants

Firm's registration number: 001326S



**Sunny Varghese**  
Partner

Membership Number : 028612

ICAI UDIN :20028612AAAAAY8973



Place: Kochi

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for and on behalf of the Board of Directors of  
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 U63090KL2011PTC029554



**Rajesh S**  
Director  
DIN: 08093860



**Mohan Kurian**  
Director  
DIN:03260152

Place: Kochi

Date: 29 June 2020

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 2020

Particulars	Equity Share Capital	Reserves and Surplus		Items of Other Comprehensive Income Remeasurements of the net defined benefit liability	Total	Total equity attributable to equity shareholders of the Company
		Retained earnings	Surplus			
Balance as at 1 April 2019	10,000,000	(9,852,512)		(138,032)	(9,990,544)	9,456
Profit for the year	-	22,651		-	22,651	22,651
Other Comprehensive Income for the year (net of tax)	-	-		(2,597)	(2,597)	(2,597)
Total comprehensive income for the year	-	22,651		(2,597)	20,054	20,054
Balance as at 31 March 2020	10,000,000	(9,829,861)		(140,629)	(9,970,490)	29,510

For the year ended 31 March 2019

Particulars	Equity Share Capital	Reserves and surplus		Items of Other Comprehensive Income Remeasurements of the net defined benefit liability	Total	Total equity attributable to equity shareholders of the Company
		Retained earnings	Surplus			
Balance as 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 as at 31 March 2019	10,000,000	(9,852,512)		(138,032)	(9,990,544)	9,456

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  
ICAI UDIN : 20028612AAAAAY8973



Place: Kochi  
Date: 29 June 2020

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

**Rajesh S**  
Director  
DIN: 08093860

**Mohan Kurian**  
Director  
DIN: 03260152

Place: Kochi  
Date: 29 June 2020

**SFS Pharma Logistics Private Limited**  
Notes forming part of the financial statements for the year ended 31<sup>st</sup> March, 2020

## 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 29<sup>th</sup> June, 2020.

### 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:

Items	Basis
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, 2020**

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.



**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, 2020**

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



**SFS Pharma Logistics Private Limited**

**Notes forming part of the financial statements for the year ended 31<sup>st</sup> March, 2020**

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, 2020**

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, 2020**

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, 2020**

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, 2020**

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, 2020**

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.



SFS Pharma Logistics Private Limited  
Notes to the financial statements for the year ended 31 March 2020(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
<b>Cost</b>				
Balance as at 1 April 2018	3,015,479	11,098	30,000	3,056,577
Additions	-	-	2,500	2,500
Deletions	-	-	-	-
<b>Balance as at 31 March 2019</b>	<b>3,015,479</b>	<b>11,098</b>	<b>32,500</b>	<b>3,059,077</b>
Balance as at 1 April 2019	3,015,479	11,098	32,500	3,059,077
Additions	17,700	520,610	286,740	825,050
Deletions	-	-	-	-
<b>Balance as at 31 March 2020</b>	<b>3,033,179</b>	<b>531,708</b>	<b>319,240</b>	<b>3,884,127</b>
<b>Accumulated depreciation</b>				
Balance as at 1 April 2018	401,924	5,251	6,000	413,175
Depreciation for the year	205,229	649	6,500	212,378
Deletions	-	-	-	-
<b>Balance as at 31 March 2019</b>	<b>607,153</b>	<b>5,900</b>	<b>12,500</b>	<b>625,553</b>
Balance as at 1 April 2019	607,153	5,900	12,500	625,553
Depreciation for the year	206,217	45,637	59,288	311,142
Deletions	-	-	-	-
<b>Balance as at 31 March 2020</b>	<b>813,370</b>	<b>51,537</b>	<b>71,788</b>	<b>936,695</b>
<b>Carrying amount (net)</b>				
As at 31 March 2020	2,219,809	480,171	247,452	2,947,432
As at 31 March 2019	2,408,326	5,198	20,000	2,433,524



**SFS Pharma Logistics Private Limited**  
**Notes to the financial statements for the year ended 31 March 2020 (continued)**  
 (All amounts in Indian Rupees, except share data and where otherwise stated)

	As at 31 March 2020	As at 31 March 2019
<b>4 Other Financial Assets</b>		
<b>Current</b>		
Deposits	201,000	199,000
Employee advances	556	-
Unbilled revenue	-	17,185
Contractually reimbursable expenses	3,844,383	2,113,271
	<u>4,045,939</u>	<u>2,329,456</u>
<b>5 Other Assets</b>		
<b>Current</b>		
Prepaid expenses	8,265	30,186
Advance to contractors	-	750,000
	<u>8,265</u>	<u>780,186</u>
<b>6 Inventories</b> (at lower of cost and net realisable value)		
Packing materials	1,756,224	1,404,133
	<u>1,756,224</u>	<u>1,404,133</u>
<b>7 Trade receivables</b> Unsecured, considered good	2,882,880	2,207,372
	<u>2,882,880</u>	<u>2,207,372</u>
<b>8 Cash and cash equivalents</b> Balances with banks in current accounts	181,653	435,050
<b>Cash and cash equivalents for the purpose of statement of cash flows</b>	<u>181,653</u>	<u>435,050</u>



SFS Pharma Logistics Private Limited  
Notes to the financial statements for the year ended 31 March 2020 (continued)  
(All amounts in Indian Rupees, except share data and where otherwise stated)

	As at 31 March 2020	As at 31 March 2019
<b>9 Equity Share Capital</b>		
<b>Authorised capital</b>		
10,00,000 Equity Shares of ` 10/- each	10,000,000	10,000,000
	<u>10,000,000</u>	<u>10,000,000</u>
<b>Issued, subscribed and paid-up capital</b>		
10,00,000 Equity Shares of ` 10/- each fully paid up	10,000,000	10,000,000
	<u>10,000,000</u>	<u>10,000,000</u>

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

Particulars	As at		As at	
	31 March 2020		31 March 2019	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning of the year	1,000,000	10,000,000	1,000,000	10,000,000
Number of shares issued during the year	-	-	-	-
Number of shares at the end of the year	<u>1,000,000</u>	<u>10,000,000</u>	<u>1,000,000</u>	<u>10,000,000</u>

b. **Rights, preferences and restrictions attached to shares**

The Company has only one class of Equity Shares having a par value of ` 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**

Particulars	As at		As at	
	31 March 2020		31 March 2019	
	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%
	<u>1,000,000</u>	<u>100%</u>	<u>1,000,000</u>	<u>100%</u>

All the above 10,00,000 (as at 31 March 2019 - 10,00,000) Equity shares are held by the Holding Company, M/s Aspinwall and Company Limited and its nominees.



SFS Pharma Logistics Private Limited  
Notes to the financial statements for the year ended 31 March 2020 (continued)  
(All amounts in Indian Rupees, except share data and where otherwise stated)

	As at 31 March 2020	As at 31 March 2019
<b>10 Other Financial Liabilities</b>		
<b>Current</b>		
Current maturities of long term debt	3,200,000	3,200,000
Recoverable expenses	-	64,274
Due to Holding Company	4,731,276	2,850,474
Others	19,311	21,914
	<u>7,950,587</u>	<u>6,136,662</u>
	As at 31 March 2020	As at 31 March 2019
<b>11 Trade payables</b>		
<b>Current</b>		
Total outstanding dues of Micro Enterprises and Small Enterprises (Refer note 21)	-	-
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	3,603,257	3,349,288
	<u>3,603,257</u>	<u>3,349,288</u>
<b>12 Other liabilities</b>		
<b>Current</b>		
Withholding taxes and statutory dues	198,857	155,677
Advance from customers	161,606	138,381
	<u>360,463</u>	<u>294,058</u>
<b>13 Provisions</b>		
<b>Non-current</b>		
Provision for gratuity (non funded)	318,670	254,740
Provision for compensated absences (non funded)	135,296	114,750
	<u>453,966</u>	<u>369,490</u>
<b>Current</b>		
Provision for gratuity (non funded)	37,000	31,000
Provision for compensated absences (non funded)	29,000	24,000
	<u>66,000</u>	<u>55,000</u>



SFS Pharma Logistics Private Limited  
Notes to the financial statements for the year ended 31 March 2020 (continued)  
(All amounts in Indian Rupees, except share data and where otherwise stated)

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>14 Revenue from operations</b>		
Sale of services:		
Forwarding	15,972,340	16,264,851
	<u>15,972,340</u>	<u>16,264,851</u>
<b>15 Other income</b>		
Interest on income-tax refund	14,319	-
Liabilities / provisions no longer required written back	66,203	54,616
Insurance claim received	8,887	-
Miscellaneous income	2	8
	<u>89,411</u>	<u>54,623</u>
<b>16 Employee benefits expense</b>		
Salaries, wages and bonus	2,880,224	2,795,837
Contribution to provident and other funds	342,419	292,670
Staff welfare expenses	151,104	116,267
Remeasurement of employee benefits to OCI	(3,510)	(14,320)
	<u>3,370,237</u>	<u>3,190,454</u>
<b>17 Finance costs</b>		
Interest expense on :		
Loan from Holding Company	318,157	372,577
Others	4,183	3
	<u>322,340</u>	<u>372,580</u>
<b>18 Other expenses</b>		
Consumption of packing materials	1,172,135	1,166,616
Handling expenses	5,515,438	6,636,117
Transporting charges	1,927,580	1,740,954
Power and fuel	231,264	57,556
Rent	1,094,016	538,000
Repairs and maintenance - Buildings	875,319	58,309
Repairs and maintenance - Others	68,988	64,130
Rates and taxes	224,678	66,489
Communication	78,002	63,708
Travelling and conveyance	266,252	550,833
Printing and stationery	21,710	14,875
Legal and professional	153,000	83,500
Bad debts written off	-	28,574
Exchange loss (net)	59,780	92,189
Miscellaneous expenses	227,916	417,875
Payments to auditors (Refer Note 18.1 below)	129,000	100,000
	<u>12,045,079</u>	<u>11,679,725</u>
<b>Note 18.1- Payments to auditors comprises</b> (net of GST input credit, where applicable)		
To Statutory auditors		
For Statutory audit	97,500	75,000
For Tax audit	20,000	20,000
Other services	11,500	5,000
	<u>129,000</u>	<u>100,000</u>



**SFS Pharma Logistics Private Limited**  
**Notes to the financial statements for the year ended 31 March 2020 (continued)**  
 (All amounts in Indian Rupees, except share data and where otherwise stated)

**Additional information to the financial statements**

**19 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:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Net profit for the year attributable to the equity shareholders	22,651	867,548
Weighted average number of equity shares (Nos.)	1,000,000	1,000,000
Par value per share	10.00	10.00
Earning per share - Basic / Diluted	0.02	0.87

**20 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

Aspinwall Technologies Limited

Aspinwall Geotech Limited

Malabar Coast Marine Services Private Limited

Aspinwall Healthcare 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 2020 (continued)**

(All amounts in Indian Rupees, except share data and where otherwise stated)

**20 Related parties (continued)**

**B. Related party transactions**

Transaction	Related Party	For the year ended 31 March 2020	For the year ended 31 March 2019
Services received (gross)	Aspinwall and Company Limited	2,077,924	2,103,580
Interest expense	Aspinwall and Company Limited	318,157	372,577
Payments met by Holding Company on behalf of the Company	Aspinwall and Company Limited	3,635,072	4,120,054
Repayment of Loan to Holding Company	Aspinwall and Company Limited	-	800,000
<b>Balance as at year end</b>			
Long term borrowings	Aspinwall and Company Limited	3,200,000	3,200,000
Other current Financial Liabilities	Aspinwall and Company Limited	4,731,276	2,850,474
Trade payables	Aspinwall and Company Limited	911,978	1,063,754
Contractually reimbursable expenses / liabilities	Aspinwall and Company Limited	65,389	137,564

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

Particulars	As at 31 March 2020	As at 31 March 2019
(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	-	-

**Note:** 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.





22 Tax assets, liabilities and reconciliations

A. Deferred tax (assets) / liabilities

(a) Movement in deferred tax balances for the year ended 31 March 2020

	Net balance 1 April 2019	Recognised in profit or loss	Recognised in OCI	As at 31 March 2020		
				Net	Deferred tax asset	Deferred tax liability
Deferred tax (asset)/ liabilities						
Property, Plant and Equipment	118,306	15,200	-	133,506	-	133,506
Employee benefits*	(110,166)	(25,025)	(913)	(136,104)	136,104	-
Net deferred tax	8,140	(9,825)	(913)	(2,598)	136,104	133,506

(b) 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
Deferred tax (asset)/ liabilities						
Property, Plant and Equipment	116,155	2,151	-	118,306	-	118,306
Employee benefits*	(101,081)	(5,362)	(3,723)	(110,166)	110,166	-
Net deferred tax	15,074	(3,211)	(3,723)	8,140	110,166	118,306

\*Includes provision for gratuity, provision for leave encashment, provision for bonus and actuarial gain/ loss on remeasurement 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 2020	As at 31 March 2019
Non current		
Advance tax, net of provision for tax	638,792	632,373
	<u>638,792</u>	<u>632,373</u>

C. Reconciliation of effective tax rate

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit / (loss) before tax	12,953	864,337
Company's domestic tax rate (MAT)	19.24%	19.24%
Tax using Company's domestic tax rate	2,073	166,298
Impact of:		
Deferred tax recognised	(9,825)	(3,211)
MAT credit entitlement	(2,021)	(103,769)
Income tax expense relating to prior years	127	-
Others	(52)	(62,529)
Income tax expense	<u>(9,698)</u>	<u>(3,211)</u>
Effective tax rate	<u>0.00%</u>	<u>0.00%</u>



23 Employee Benefits

(i) Defined Contribution Plans:

The Company makes contributions towards provident fund for qualifying employees. Amount of ` 1,89,226/- (31 March 2019: ` 1,41,983/-) 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 ` 83,263/- (31 March 2019: ` 74,515/-) 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. 69,930/- (31 March 2019: Rs. 76,172/-) 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)

	Defined benefit obligation		Net defined benefit liability / (asset)	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Opening balance	285,740	248,510	285,740	248,510
Current service cost	46,420	45,130	46,420	45,130
Interest cost / (income)	20,000	16,720	20,000	16,720
	<b>352,160</b>	<b>310,360</b>	<b>352,160</b>	<b>310,360</b>
<b>Included in OCI</b>				
Actuarial loss / (gain) arising from:				
Financial assumptions	22,310	6,030	22,310	6,030
Experience adjustment	(18,800)	8,290	(18,800)	8,290
	<b>3,510</b>	<b>14,320</b>	<b>3,510</b>	<b>14,320</b>
<b>Others</b>				
Benefits paid	-	(38,940)	-	(38,940)
	-	(38,940)	-	(38,940)
<b>Closing balance</b>	<b>355,670</b>	<b>285,740</b>	<b>355,670</b>	<b>285,740</b>
<b>Represented by</b>				
Net defined benefit liability			355,670	285,740
			<b>355,670</b>	<b>285,740</b>

i. Actuarial assumptions

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

	31 March 2020	31 March 2019
Discount rate	6.10% p.a	7.00% p.a
Salary escalation rate	8.00% p.a	8.00% 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 2020		31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(24,630)	28,140	(19,240)	21,920
Salary escalation rate (1% movement)	27,400	(24,480)	21,550	(137,220)
Withdrawal rate (1% movement)	(3,760)	4,170	(2,130)	2,130

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 2020	31 March 2019
Year 1	38,250	31,640
Year 2	40,800	32,950
Year 3	46,470	37,880
Year 4	46,830	46,270
Year 5	56,530	49,080
Year 6 to 10	399,360	317,080

iv Actuarial assumptions for long term compensated absences

	31 March 2020	31 March 2019
Discount rate	6.10%	7.00%
Salary escalation rate	8%	8%
Attrition rate	12%	12%



SFS Pharma Logistics Private Limited  
Notes to the financial statements for the year ended 31 March 2020 (continued)  
(All amounts in Indian Rupees, except share data and where otherwise stated)

24 Financial Instruments

Financial Instruments by category

The carrying value and fair value of Financial Instruments by categories as of 31 March 2020 were as follows:

Particulars	Carrying Value		Fair Value				
	Amortised cost	Financial assets/liabilities at FVTPL	Total carrying value	Level 1	Level 2	Level 3	Total
<b>Assets</b>							
Trade receivables	2,882,880	-	2,882,880	-	-	-	-
Cash and cash equivalents	181,653	-	181,653	-	-	-	-
Other Financial Assets	4,045,939	-	4,045,939	-	-	-	-
	7,110,472	-	7,110,472	-	-	-	-
<b>Liabilities</b>							
Trade payables	3,603,257	-	3,603,257	-	-	-	-
Other Financial Liabilities	7,950,587	-	7,950,587	-	-	-	-
	11,553,845	-	11,553,845	-	-	-	-

The carrying value and fair value of Financial Instruments by categories as of 31 March 2019 were as follows:

Particulars	Carrying Value		Fair Value				
	Amortised cost	Financial assets/liabilities at FVTPL	Total carrying value	Level 1	Level 2	Level 3	Total
<b>Assets</b>							
Trade receivables	2,207,372	-	2,207,372	-	-	-	-
Cash and cash equivalents	435,050	-	435,050	-	-	-	-
Other Financial Assets	2,329,456	-	2,329,456	-	-	-	-
	4,971,878	-	4,971,878	-	-	-	-
<b>Liabilities</b>							
Trade payables	3,349,288	-	3,349,288	-	-	-	-
Other Financial Liabilities	6,136,662	-	6,136,662	-	-	-	-
	9,485,950	-	9,485,950	-	-	-	-



**SFS Pharma Logistics Private Limited**  
**Notes to the financial statements for the year ended 31 March 2020 (continued)**  
(All amounts in Indian Rupees, except share data and where otherwise stated)

24 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 2020	As at 31 March 2019
Total Liabilities	12,434,273	10,212,638
Less: Cash and cash equivalents	181,653	435,050
<b>Net Debt</b>	<b>12,252,620</b>	<b>9,777,588</b>
<b>Total Equity</b>	<b>29,510</b>	<b>9,456</b>
<b>Debt to Equity ratio</b>	<b>415.20</b>	<b>1,034.01</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**

No allowance for lifetime expected credit loss on customer balances has been provided as at the year end (As at 31 March 2019 - 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.



24 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:

31 March 2020	Carrying amount	Contractual cash flows					
		Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
<b>Financial Liabilities</b>							
Trade payables	3,603,257	3,679,149	3,679,149	-	-	-	-
Other Financial Liabilities	7,950,587	8,355,510	-	8,355,510	-	-	-
31 March 2019	Carrying amount	Contractual cash flows					
		Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
<b>Financial Liabilities</b>							
Trade payables	3,349,288	3,349,288	3,349,288	-	-	-	-
Other Financial Liabilities	6,136,662	6,136,662	-	6,136,662	-	-	-

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



24 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 2020	USD	GBP	EURO	SGD
Financial Assets				
Trade receivables and other Financial Assets	3,223,148	-	-	292,279
Net exposure to foreign currency risk (assets)	3,223,148	-	-	292,279
Financial Liabilities				
Trade payables	259,357	737,096	-	63,837
Net exposure to foreign currency risk (liabilities)	259,357	737,096	-	63,837
As at 31 March 2019	USD	GBP	EURO	SGD
Financial Assets				
Trade receivables and other Financial Assets	1,381,476	141,399	-	-
Net exposure to foreign currency risk (assets)	1,381,476	141,399	-	-
Financial Liabilities				
Trade payables	-	301,940	344,796	-
Net exposure to foreign currency risk (liabilities)	-	301,940	344,796	-

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	As at	As at	As at
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
<b>USD Sensitivity</b>				
INR/USD - Increase by 1%	29,638	13,815	25,014	11,157
INR/USD - Decrease by 1%	(29,638)	(13,815)	(25,014)	(11,157)
<b>GBP Sensitivity</b>				
INR/GBP - Increase by 1%	(7,371)	(1,605)	(6,221)	(1,296)
INR/GBP - Decrease by 1%	7,371	1,605	6,221	1,296
<b>EURO Sensitivity</b>				
INR/GBP - Increase by 1%	-	(3,448)	-	(2,785)
INR/GBP - Decrease by 1%	-	3,448	-	2,785
<b>SGD Sensitivity</b>				
INR/SGD - Increase by 1%	1,928	-	37	-
INR/SGD - Decrease by 1%	(1,928)	-	(37)	-





SFS Pharma Logistics Private Limited

Notes to the financial statements for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees, except share data and where otherwise stated)

24 Financial Instruments (continued)

I. Assets	Foreign currency	As at 31 March 2020		As at 31 March 2019	
		Exchange rate	Amount in foreign currency	Exchange rate	Amount in foreign currency
Receivables (trade and other) - (A)	USD	73.23	44,015	68.69	20,112
	SGD	52.56	5,561	-	-
	GBP	-	-	89.55	1,579
Hedges by derivate contracts (B)	USD	-	-	-	-
	SGD	-	-	-	-
	GBP	-	-	-	-
Unhedged (C) - (A)-(B)	USD	73.23	44,015	68.69	20,112
	SGD	52.56	5,561	-	-
	GBP	-	-	89.55	1,579

II. Liabilities	Foreign currency	As at 31 March 2020		As at 31 March 2019	
		Exchange rate	Amount in foreign currency	Exchange rate	Amount in foreign currency
Payables (trade and other) - (A)	USD	75.70	3,426	-	-
	GBP	93.66	7,870	90.91	3,321
	SGD	53.42	1,195	-	-
	EURO	-	-	78.17	4,410
Hedges by derivate contracts-(B)	USD	-	-	-	-
	GBP	-	-	-	-
	SGD	-	-	-	-
Unhedged (C) - (A)-(B)	USD	75.70	3,426	-	-
	GBP	93.66	7,870	90.91	3,321
	SGD	53.42	1,195	-	-
	EURO	-	-	78.17	4,410



24 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.

25 Previous year figures have been regrouped/ reclassified wherever necessary to conform to the current year's presentation.

As per our report of even date attached

for JERRY, SUNNY & RAJESH  
Chartered Accountants  
Firm's registration number: 001326S  
ICAI UDIN :20028612AAAAAY8973



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

Place: Kochi  
Date: 29 June 2020

Place: Kochi  
Date: 29 June 2020