

ProConnect Supply Chain Solutions Limited

Standalone Balance Sheet as at 31 March 2018

(All amounts are in Indian Rupees in crores, except share data and as stated)

	Note	As at 31 March 2018	As at 31 March 2017
Assets			
Non-current assets			
Property, plant and equipment	15	10.46	9.06
Intangible assets	16	0.12	0.18
Intangible asset under development		2.20	-
Financial assets			
Investments	17	15.20	9.88
Deposits and other receivables	22	7.45	3.59
Loans	23	-	5.00
Other financial assets	24	8.59	3.12
Deferred tax assets	14	2.85	1.55
Income tax assets		1.07	1.32
Other non-current assets	25	3.37	0.86
Total non-current assets		51.31	34.56
Current assets			
Inventories	18	-	-
Financial assets			
Trade receivables	19	55.21	28.57
Cash and Cash equivalents	20	0.90	0.90
Other bank balances	21	3.72	3.00
Loans	23	12.00	5.00
Deposits and other receivables	22	2.08	6.63
Other financial assets	24	1.65	1.29
Other current assets	25	2.32	1.00
Total current assets		77.88	46.39
Total assets		129.19	80.95
Equity and liabilities			
Equity			
Equity share capital	26A	7.24	7.24
Other equity	26B		
Capital Reserve		0.67	-
Securities premium		12.31	12.31
Retained earnings		55.68	37.42
Others (including items of other comprehensive income)		(0.36)	0.09
Equity attributable to owners of the Company		75.54	57.06
Liabilities			
Non-current liabilities			
Long term Borrowings	28	4.23	-
Provisions	32	2.89	1.93
Total non-current liabilities		7.12	1.93



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ProConnect Supply Chain Solutions Limited

Standalone Balance Sheet as at 31 March 2018

(All amounts are in Indian Rupees in crores, except share data and as stated)

	Note	As at 31 March 2018	As at 31 March 2017
Current liabilities			
Financial liabilities			
Borrowings	28	20.29	11.47
Trade payables	29	19.98	7.01
Other financial liabilities	30	0.73	0.52
Other current liabilities	31	5.13	2.83
Provisions	32	0.40	0.13
Total current liabilities		46.53	21.96
Total liabilities		53.65	23.89
Total equity and liabilities		129.19	80.95

Significant accounting policies 3

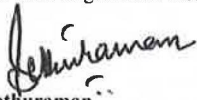
The notes referred to above form an integral part of financial statements

As per our report of even date attached

for **BSR & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022


S Sethuraman

Partner

Membership No. 203491

for and on behalf of the board of directors of
ProConnect Supply Chain Solutions Limited
CIN: U63030TN2012PLC087458


Kasturi Rangan E.H

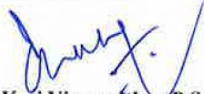
Director

DIN: 01814089

Krishnan S.V

Director

DIN: 07518349


Kasi Viswanathan P.S

Chief Financial Officer


Vignesh Kumar S M

Company Secretary

Place: Chennai

Date: 17 May 2018

Place: Chennai

Date: 17 May 2018

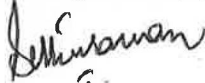


ProConnect Supply Chain Solutions Limited
Standalone Statement of Profit and Loss for the year ended 31 March 2018
 (All amounts are in Indian Rupees in crores, except share data and as stated)

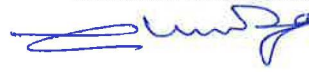
	Note	Year ended 31 March 2018	Year ended 31 March 2017
Revenue			
Revenue from operations	6	199.09	147.57
Other Income	7	2.61	2.00
Total Revenue		201.70	149.57
Expenses			
Changes in inventories of spares	8	-	-
Purchase of spares	9	0.87	0.14
Employee benefit expense	10	22.07	17.22
Finance costs	11	1.45	0.63
Depreciation and amortisation expense	12	4.20	3.33
Other expenses	13	138.65	99.43
Total expenses		167.24	120.75
Profit before tax		34.46	28.82
Income tax			
Current tax	14	12.90	10.60
Deferred tax		(1.06)	(0.50)
Income tax expense		11.84	10.10
Profit for the year		22.62	18.72
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurements of the defined benefit liability		(0.68)	(0.44)
Income tax relating to items that will not be reclassified to profit or loss		0.24	0.15
Net other comprehensive income not to be reclassified subsequently to profit or loss		(0.44)	(0.29)
Other comprehensive income for the year, net of income tax		(0.44)	(0.29)
Total comprehensive income for the year		22.18	18.43
Earnings per share			
Basic and diluted earnings per share (in Indian Rupees)	27	30.62	30.57
Significant accounting policies	3		


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


As per our report of even date attached
 for **BSR & Co. LLP**
 Chartered Accountants
 ICAI Firm Registration No. 101248W/W-100022



S Sethuraman
 Partner
 Membership No. 203491

for and on behalf of the board of directors of
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 CIN: U63030TN2012PLC087458


Kasturi Rangan E.H
 Director
 DIN: 01814089


Krishnan S.V
 Director
 DIN: 07518349


Kasi Viswanathan P.S
 Chief Financial Officer


Vignesh Kumar S M
 Company Secretary

Place: Chennai
 Date: 17 May 2018

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ProConnect Supply Chain Solutions Limited

Standalone Statement of cash flow for the year ended 31 March 2018

(All amounts are in Indian Rupees in crores, except share data and as stated)

	Year ended 31 March 2018	Year ended 31 March 2017
Cash flow from operating activities		
Profit before taxes	34.46	28.80
Adjustments for:		
Depreciation and amortisation	4.20	3.33
Provision for doubtful debts	0.03	0.11
Dividend income	-	(0.03)
Loss / (gain) on sale of property, plant and equipment	(0.01)	0.68
Finance costs	1.45	0.63
Stock compensation expense	0.67	-
Interest income on security deposits at amortised cost	(0.57)	(0.30)
Interest income on cash and cash equivalents and loans	(1.23)	(0.74)
	39.00	32.48
Working capital adjustments:		
(Increase) decrease in inventories	-	(0.00)
(Increase) decrease in trade receivables	(26.67)	(8.25)
(Increase) decrease in deposits and other receivables	1.26	(3.12)
Increase (decrease) in other current / non-current financial assets	0.09	(0.92)
Increase (decrease) in other current / non current assets	(3.41)	(0.11)
Increase (decrease) in trade payable and other financial liabilities	13.08	(0.26)
Increase (decrease) in provisions and other current liabilities	2.84	2.62
	26.19	22.44
Cash generated from operating activities	26.19	22.44
Income tax paid (net)	(12.65)	(10.33)
Net cash generated from / (used in) operating activities (A)	13.54	12.11
Cash flow from investing activities		
Interest received	1.23	0.74
Dividends received	-	0.03
Proceeds from sale of property, plant and equipment	0.03	0.07
Acquisition of property, plant and equipment	(8.66)	(4.64)
Loans given	(2.00)	(10.00)
Advance paid for acquisition of shares in subsidiary	(0.48)	(3.12)
Investments in bank deposits with original maturity of more than 3 months	(0.72)	(3.00)
Investment in subsidiary	(5.32)	(9.88)
Net cash generated from / (used in) investing activities (B)	(15.92)	(29.80)



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ProConnect Supply Chain Solutions Limited

Standalone Statement of cash flow for the year ended 31 March 2018

(All amounts are in Indian Rupees in crores, except share data and as stated)

	Year ended 31 March 2018	Year ended 31 March 2017
Cash flow from financing activities		
Proceeds from issue of share capital (including securities premium)	-	15.00
Proceeds from short term borrowings from related parties	14.00	10.00
Repayment of short term borrowings to related parties	(24.00)	-
Net proceeds / (repayment) of other short term borrowings	14.00	-
Net proceeds from finance lease obligations	0.13	-
Payment of finance lease obligations	(0.21)	-
Interest paid	(1.34)	(0.63)
Dividend paid (and related dividend distribution tax)	(4.36)	(2.19)
Net cash generated from / (used in) financing activities (C)	(1.78)	22.18
Net decrease in cash and cash equivalents (A+B+C)	(4.16)	4.49
Cash and cash equivalents as at 1 April	(0.57)	(5.06)
Cash and cash equivalents as at 31 March (refer note 20)	(4.73)	(0.57)

Significant accounting policies

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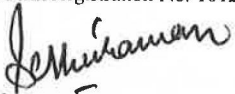
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Kasturi Rangan E.H


Director

DIN: 01814089


Krishnan S.V

Director

DIN: 07518349


Kasi Viswanathan P.S

Chief Financial Officer


Vignesh Kumar S M

Company Secretary

Place: Chennai

Date: 17 May 2018

Place: Chennai

Date: 17 May 2018

ProConnect Supply Chain Solutions Limited

Standalone Statement of changes in equity for the year ended 31 March 2018

(All amounts are in Indian Rupees in crores, except share data and as stated)

(a) Equity share capital

Particulars	Amount	No. of shares
Equity shares of Rs. 10 each issued, subscribed and fully paid		
Balance as at 1 April 2016	4.55	4,550,000
Shares issued during the year	2.69	2,693,230
Balance as at 31 March 2017	7.24	7,243,230
Shares issued during the year	-	-
Balance as at 31 March 2018	7.24	7,243,230

(b) Other equity

	Reserves and surplus			Others		Total equity attributable to equity holders of the Company
	Securities premium	Retained earnings	Capital reserve	Other equity	Other items of other comprehensive income	
Balance as at 1 April 2016	-	20.89	-	-	-	20.89
Profit for the year	-	18.72	-	-	-	18.72
Other comprehensive income for the year	-	-	-	-	(0.29)	(0.29)
Total comprehensive income	-	39.61	-	-	(0.29)	39.32
Contributions and distributions from / (to) owners						
Securities premium on shares issued during the year	12.31	-	-	-	-	12.31
Dividend, including distribution dividend tax	-	(2.19)	-	-	-	(2.19)
Total contributions and distributions from / (to) owners	12.31	(2.19)	-	-	-	10.12
Changes in ownership interests in subsidiaries that do not result in loss of control						
Call option to acquire further shares in subsidiary	-	-	-	0.38	-	0.38
Total transactions with owners	12.31	(2.19)	-	0.38	-	10.50
Balance as at 31 March 2017	12.31	37.42	-	0.38	(0.29)	49.82
Balance as at 1 April 2017	12.31	37.42	-	0.38	(0.29)	49.82
Profit for the year	-	22.62	-	-	-	22.62
Other comprehensive income for the year	-	-	-	-	(0.44)	(0.44)
Total comprehensive income	-	22.62	-	-	(0.44)	22.18
Contributions and distributions from / (to) owners						
Stock compensation cost	-	-	0.67	-	-	0.67
Dividend, including dividend distribution tax	-	(4.36)	-	-	-	(4.36)
Total contributions and distributions from / (to) owners	-	(4.36)	0.67	-	-	(3.69)
Balance as at 31 March 2018	12.31	55.68	0.67	0.38	(0.73)	68.31

Significant accounting policies

3

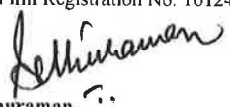
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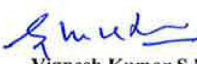

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ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

1 Background

ProConnect Supply Chain Solutions Limited ('ProConnect' / 'the Company') incorporated on 31 August 2012, is a wholly owned subsidiary of Redington (India) Limited ('Redington'). The Company is engaged in the business of comprehensive Supply Chain Management ('SCM'), providing total logistic solutions services including warehousing management and allied services for various corporate customers.

2 Basis of preparation

2.1 Statement of compliance

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, as amended from time to time, notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

These standalone financial statements were authorised for issue by the Company's Board of Directors on 17 May 2018. Details of the Company's accounting policies are included in Note 3.

2.2 Functional and presentation currency

These standalone 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 crores, unless otherwise stated.

2.3 Basis of measurement

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

Items	Measurement basis
- Certain financial assets and liabilities	Fair value
- Net defined benefit Liability	Present value of defined benefit obligations

2.4 Use of estimates and judgements

In preparing these standalone financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the 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. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

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

- Note 32 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 33 – impairment of financial assets.

2.5 Measurement of fair values

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

The Company has an established framework with respect to the measurement of fair values. The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the Company assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised 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 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 asset or liability that are not based on observable market data (unobservable inputs).



ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

2.5 Measurement of fair values (contd.)

When measuring the fair values of an asset or a liability, the Company uses observable market data as far as possible. If the inputs 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 categorised 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 transfer between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 33 – financial instruments

3 Significant accounting policies

3.1 Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company, at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss.

3.2 Financial instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued 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.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets

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

- amortised cost;
- 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 measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	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 are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.



ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

3 Significant accounting policies (contd.)

3.2 Financial instruments (contd.)

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 as 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 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

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

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. Derivative financial instruments

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecast transactions. The company does not hold derivative financial instruments for speculative purposes. Forward contracts are recognised at fair value on the date the contract is entered into and are subsequently remeasured at fair value.

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ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

3 Significant accounting policies (contd.)

3.3 Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, 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.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

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

ii. 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.

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is generally recognised in the statement of profit and loss. Assets acquired under finance lease are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives of items of property, plant and equipment are as follows:

Asset	Management estimate of useful life
Plant and Machinery	5 years
Computer and accessories	3 years
Furniture and fixtures	4 years
Office equipments	5 years
Vehicles	5 years

Depreciation method, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Individual assets whose cost does not exceed INR 5,000/- are fully depreciated in the month of addition.

Depreciation on additions (disposals) is provided from the month in which asset is ready for use (disposed of).

3.4 Intangible assets

i. Recognition and measurement

Intangible assets including those acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in the Statement of Profit and Loss.

The estimated useful lives are as follows:

Asset	Useful life
Software	3 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.



ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

3 Significant accounting policies (contd.)

3.5 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the weighted average method and cost of inventories comprise all cost of purchase and other cost incurred in bringing the inventories to the present location and condition, net of discounts.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.6 Impairment

i. Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit - impaired. A financial asset is 'credit - impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit- impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12 month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward- looking information.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held)

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.



ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

3 Significant accounting policies (contd.)

3.6 Impairment (Contd..)

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

ii. Impairment of non-financial assets

The Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

3.7 Employee benefits

i. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term 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.

ii. Share based payment transactions

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

3.7 Employee benefits (contd.)

iii. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme and employees state insurance scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.



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ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

3 Significant accounting policies (contd.)

iv. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss under finance costs and employee benefit expenses respectively.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

v. Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

3.8 Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

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ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

3 Significant accounting policies (contd.)

3.9 Revenue recognition

i. Sale of goods

Sale of goods primarily comprises of goods bought as per the requirements of the customer. Revenue is recognised when the significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and the amount of revenue can be measured reliably.

ii. Rendering of services

Service income mainly comprises of logistic services, warehousing charges, freight charges and other related charges for rendering supply chain management services to customers. Service income is recognised based on the terms of the agreement entered into with customers when the services are rendered. Unbilled revenue represents services rendered and revenue is recognised on contracts to be billed in subsequent periods as per the terms of the related contract.

iii. Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognised in profit or loss as other operating revenue on a systematic basis.

Grants that compensate the Company for expenses incurred are recognised in statement of profit or loss as other operating revenue on a systematic basis in the periods in which such expenses are recognised.

3.10 Leases

i. Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

ii. Assets held under leases

Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Company's Balance Sheet.

iii. Lease payments

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.



ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

3 Significant accounting policies (contd.)

3.11 Recognition of dividend income, interest income or expense

Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

3.12 Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. 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 and settle the liability on a net basis or simultaneously.

ii. 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 not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. 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.



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ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

3 Significant accounting policies (contd.)

3.12 Income tax (contd.)

ii. Deferred tax (contd.)

The measurement of deferred tax reflects the tax consequences that would follow from 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 tax 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.

3.13 Earnings per share

Basic earnings per share is computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. The Company did not have any potentially dilutive securities in any of the years presented.

3.14 Cash and cash equivalents

Cash and cash equivalent comprise of cash on hand and at banks including short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. Other bank deposits which are not in the nature of cash and cash equivalents with a maturity period of more than three months are classified as other bank balances.

3.15 Cash flows

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated.

3.16 Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

3.17 Investment in subsidiaries

Investments in subsidiaries are recognised at cost.

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ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

4 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115	Revenue from Contracts with customers
Ind AS 21	The effect of changes in Foreign Exchange rates
Ind AS 12	Income taxes

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue and Ind AS 11 Construction Contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

ProConnect Supply Chain Solutions Limited is evaluating the impact of Ind AS 115 on its financial statements.

Ind AS 21 - The effect of changes in foreign exchange rates.

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. ProConnect Supply Chain Solutions Limited is evaluating the impact of this amendment on its financial statements.

Ind AS 12 - Income taxes

The Company has been applying Ind AS 12 in the preparation of its financial statements. A recent amendment to the standard deals with the matter of how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilise a deductible temporary difference. The Company expects that the provisions of this amendment will not have any significant impact on its financial statements.



ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

5 Operating segments

The Company is engaged in only one business namely providing supply chain management ('SCM') services. The entity's chief operating decision maker considers the Company as a whole to make decisions about resources to be allocated to the segment and assesses its performance. Accordingly, the Company does not have multiple segments and the standalone financial statements are reflective of the information required by the Ind AS 108 for SCM segment.

A. Geographic information :

The geographic information analyses the Company's revenue by the Company's country of domicile and other countries. In presenting the geographical information, segment revenue has been determined based on the geographic location of the customers.

	Year ended 31 March 2018	Year ended 31 March 2017
India	183.89	135.18
USA	15.20	12.39
	199.09	147.57

The Company's operations are entirely carried out from India and as such all its non-current assets are located in India.

B. Major Customers

Revenue from customers that individually constituted more than 10% of the Company's revenue are as follows:

	Year ended 31 March 2018	Year ended 31 March 2017
Customer A	67.91	60.69
Customer B	37.52	*
	105.43	60.69

* Revenue for the said customer for this year was less than 10% of the Company's revenue.

6 Revenue from operations

	Year ended 31 March 2018	Year ended 31 March 2017
<i>Sale of products</i>	1.03	0.24
<i>Sale of services</i>		
Income from supply chain management services	196.63	147.31
<i>Other operating revenue</i>		
Export incentives	1.37	-
Scrap Sales	0.06	0.02
	199.09	147.57



B

ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

7 Other income

	Year ended 31 March 2018	Year ended 31 March 2017
Interest income on		
Cash and cash equivalents and other bank balances	0.18	0.10
Loan to corporates	1.05	0.64
Security deposits at amortised cost	0.57	0.30
Dividend income	-	0.03
Net gain on sale of property, plant and equipment	0.01	-
Net gain on foreign currency transactions	0.07	-
Insurance claim	-	0.79
Finance income on lease	0.24	-
Miscellaneous income	0.49	0.14
	2.61	2.00

8 Changes in inventories of spares

	Year ended 31 March 2018			Year ended 31 March 2017		
	Opening stock	Closing stock	Increase / Decrease	Opening stock	Closing stock	Increase / Decrease
Stock-in-trade of spares*	-	-	-	-	-	-

* Decrease in inventory of spares of INR 14,139/- for year ended 31 March 2018 (Previous year: Increase in inventory of spares of INR 14,139/-) has been rounded off in crores to Nil.

9 Purchase of spares

	Year ended 31 March 2018	Year ended 31 March 2017
Purchases of spares	0.87	0.14
	0.87	0.14

10 Employee benefit expenses

	Year ended 31 March 2018	Year ended 31 March 2017
Salaries, wages and bonus	17.90	14.78
Contribution to provident funds	1.02	0.83
Expenses related to post-employment defined benefit plans	0.48	0.08
Expenses related to compensated absences	0.27	0.12
Staff welfare expenses	1.73	1.41
Stock compensation expense (refer note 38)	0.67	-
	22.07	17.22

11 Finance costs

	Year ended 31 March 2018	Year ended 31 March 2017
Interest on cash credit / working capital loans	0.70	0.37
Interest on loan from related parties	0.58	0.26
Finance cost on finance lease obligations	0.17	-
	1.45	0.63



ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

12 Depreciation and amortisation expense

	Year ended 31 March 2018	Year ended 31 March 2017
Depreciation of property, plant and equipment (refer note 15)	4.13	3.30
Amortisation of intangible assets (refer note 16)	0.07	0.03
	4.20	3.33

13 Other expenses

	Year ended 31 March 2018	Year ended 31 March 2017
Freight, delivery and shipping charges	34.60	28.33
Rent	35.87	22.24
Outsourced manpower cost	32.09	19.15
Warehouse handling charges	5.31	3.31
Consumption of packing materials	1.98	3.17
Power and fuel	2.77	1.83
Rates and taxes	1.90	1.82
Insurance	0.34	0.24
Repairs and maintenance		
Buildings	0.56	0.39
Machinery	1.47	0.95
Others	4.21	3.33
Directors' sitting fees	0.05	0.04
Legal and professional charges (refer note (a))	2.21	2.19
Travel and Conveyance	2.45	1.41
Sales promotion expenses	0.10	0.08
Communication expenses	2.22	1.89
Security services	7.99	5.87
Printing and stationery	1.52	1.50
Net loss on foreign currency transactions	-	0.14
Net loss on sale of property, plant and equipment	-	0.68
Provision for doubtful debts	0.03	0.11
Bank charges	0.06	0.03
Expenditure on Corporate social responsibility (refer note (b))	0.36	0.20
Miscellaneous expenses	0.56	0.53
	138.65	99.43

a. Payment to auditors

	Year ended 31 March 2018	Year ended 31 March 2017
Statutory audit	0.06	0.03
Tax audit	0.01	0.01
Other services	0.02	0.02
Reimbursement of expenses	0.01	0.01
	0.10	0.07



ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

b. Details of corporate social responsibility expenditure

	Year ended 31 March 2018	Year ended 31 March 2017
Amount required to be spent by the Company during the year	0.36	0.20
Amount spent during the year (in cash) :		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	0.36	0.20
	0.36	0.20

14 Income tax

A. Amount recognised in the profit and loss

	Year ended 31 March 2018	Year ended 31 March 2017
Current tax		
Current period	12.90	10.60
Total current tax expense	12.90	10.60
Deferred tax		
Origination and reversal of temporary difference	(1.06)	(0.50)
Total deferred tax expense / (benefit)	(1.06)	(0.50)
	11.84	10.10

B. Income tax recognised in other comprehensive income

	Year ended 31 March 2018			Year ended 31 March 2017		
	Before tax	Tax (expense) / benefit	Net of tax	Before tax	Tax (expense) / benefit	Net of tax
Remeasurement of defined benefit liability (asset)	(0.68)	0.24	(0.44)	(0.44)	0.15	(0.29)
	(0.68)	0.24	(0.44)	(0.44)	0.15	(0.29)

C. Reconciliation of effective tax rate

	Year ended 31 March 2018	Year ended 31 March 2017
Profit before tax	34.46	28.82
Enacted tax rates in India	34.608%	34.608%
Computed expected tax expense	11.93	9.98
Changes in estimates related to prior years	-0.61%	0.22%
Effect of non-deductible expenses	0.35%	0.24%
Income tax expense	34.35%	35.07%



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ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018
(All amounts are in Indian rupees in crores, except share data and as stated)

14 Income tax (contd.)

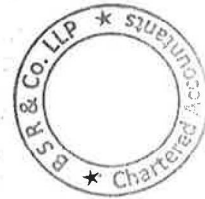
D. Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Deferred tax assets		Deferred tax (liabilities)		Net Deferred tax assets (liabilities)	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Property, plant and equipment	1.06	0.41	-	-	1.06	0.41
Provision - employee benefits	0.96	1.09	-	-	0.96	1.09
Finance lease receivable	1.58	-	-	-	1.58	-
Finance lease payable	-	-	1.42	-	(1.42)	-
Provision - others	0.67	0.05	-	-	0.67	0.05
Net deferred tax (assets) liabilities	4.27	1.55	1.42	-	2.85	1.55

Movement in temporary differences:

	Balance as at 1 April 2016	Recognized in profit or loss during 2016-17	Recognized in OCI during 2016-17	Balance as at 31 March 2017	Recognized in profit or loss during 2017-18	Recognized in OCI during 2017-18	Balance as at 31 March 2018
	Property, plant and equipment	(0.07)	0.48	-	0.41	0.65	-
Provision - employee benefits	0.97	(0.03)	0.15	1.09	(0.37)	0.24	0.96
Finance lease receivable	-	-	-	-	1.58	-	1.58
Finance lease Payable	-	-	-	-	(1.42)	-	(1.42)
Provision - others	-	0.05	-	0.05	0.62	-	0.67
	0.90	0.50	0.15	1.55	1.06	0.24	2.85



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ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

15 Property, plant and equipment

A. Reconciliation of carrying amount

Particulars	Plant and machinery	Office equipment	Furniture and fixtures	Computers	Vehicles	Total
Deemed cost / Cost (Gross carrying amount)						
Balance as at 1 April 2016	2.10	1.81	3.00	2.70	0.44	10.05
Additions	0.64	0.49	1.92	0.89	1.26	5.20
Disposals	(0.01)	(0.12)	(0.75)	(0.24)	(0.08)	(1.20)
Balance as at 31 March 2017	2.73	2.18	4.17	3.35	1.62	14.05
Additions (also refer note B below)	1.56	0.57	1.82	1.28	0.35	5.58
Disposals	-	-	-	-	(0.06)	(0.06)
Balance as at 31 March 2018	4.29	2.75	5.99	4.63	1.91	19.57
Accumulated depreciation						
Balance as at 1 April 2016	0.47	0.31	0.54	0.73	0.08	2.13
Additions	0.63	0.43	1.03	0.96	0.25	3.30
Disposals	-	(0.05)	(0.24)	(0.10)	(0.05)	(0.44)
Balance as at 31 March 2017	1.10	0.69	1.33	1.59	0.28	4.99
Additions	0.85	0.52	1.23	1.23	0.33	4.16
Disposals	-	-	-	-	(0.04)	(0.04)
Balance as at 31 March 2018	1.95	1.21	2.56	2.82	0.57	9.11
Carrying amount (net)						
As at 31 March 2017	1.63	1.49	2.84	1.76	1.34	9.06
As at 31 March 2018	2.34	1.54	3.43	1.81	1.34	10.46

B. Property, plant and equipment held under finance leases

The Company has acquired a set of warehouse racks amounting to INR 5.07 crore under a finance lease arrangement. The lease provides the Company with an option to purchase the warehouse racks at the end of the lease term. The lease equipment secures the related lease obligations (Refer note 28). Out of these leased assets, the Company has sub leased assets amounting to INR 4.84 crore under a finance lease arrangement. The gross and net carrying amounts of furniture and fixture acquired under finance leases and included in above as follows:

Particulars	Furniture and fixtures
Assets acquired on finance lease during the year ended 31 March 2018	5.07
Assets given on finance lease during the year	(4.84)
Cost as at 31 March 2018 (included above)	0.23
Accumulated depreciation as at 31 March 2018	(0.02)
Net carrying amount	0.21

Further, additions also does not include an amount of INR 0.66 crores in respect of certain property, plant and equipment that were acquired by the Company and given on finance lease.

There were no assets under finance lease in the previous year.

16 Intangible assets

Particulars	Software	Total
Deemed cost / Cost (Gross carrying amount)		
Balance as at 1 April 2016	0.10	0.10
Additions	0.13	0.13
Disposals	-	-
Balance as at 31 March 2017	0.23	0.23
Additions	0.02	0.02
Disposals	-	-
Balance as at 31 March 2018	0.25	0.25
Accumulated amortisation		
Balance as at 1 April 2016	0.03	0.03
Additions	0.03	0.03
Disposals	-	-
Balance as at 31 March 2017	0.06	0.06
Additions	0.07	0.07
Disposals	-	-
Balance as at 31 March 2018	0.13	0.13
Carrying amount (net)		
As at 31 March 2017	0.18	0.18
As at 31 March 2018	0.12	0.12



ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

17 Non-current Investments

	As at 31 March 2018	As at 31 March 2017
Unquoted equity shares in subsidiaries at cost		
8,486,666 (31 March 2017: 6,333,333) equity shares of Rajprotim Supply Chain Solutions Limited.	15.20	9.88
	15.20	9.88
Name of the subsidiary	Principal place of business	Proportion of Ownership interest
Rajprotim Supply Chain Solutions Limited	Kolkata, India	76%

18 Inventories

	As at 31 March 2018	As at 31 March 2017
Spares*	-	-
	-	-

* Inventory of spares as at 31 March 2018 of INR Nil (Previous year: INR 14,139) has been rounded off in crores to Nil.

19 Trade receivables

	As at 31 March 2018	As at 31 March 2017
Unsecured, considered good	55.21	28.57
Doubtful	0.18	0.15
Less : Loss allowance	(0.18)	(0.15)
	55.21	28.57
Current	55.21	28.57
	55.21	28.57

Of the above, trade receivables from related parties are as below:

	As at 31 March 2018	As at 31 March 2017
Total Trade receivables from related parties (refer note 36)	7.49	10.12
Less: Loss allowance	-	-
Net Trade receivables	7.49	10.12

20 Cash and cash equivalents

	As at 31 March 2018	As at 31 March 2017
Cash in hand	0.11	0.08
Balance with banks:		
- in current accounts	0.79	0.82
Cash and cash equivalents in balance sheet	0.90	0.90
Less: Bank overdrafts and cash credit facilities used for cash management purposes	(5.63)	(1.47)
Cash and cash equivalents in the statements of cash flows	(4.73)	(0.57)



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ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

20 Cash and cash equivalents (contd.)

Disclosure of specified bank notes (Amounts are disclosed in INR lakhs)

During the previous year, the Company had specified bank notes or other denomination note as defined in the MCA Notification G.S.R 308(E) dated 31 March 2017 on the details of specified bank notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016. The denomination wise SBN and other notes as per the notification are given below:

Particulars	SBNs	(Amount in INR lakhs)	
		Other denomination Notes	Total
Closing cash in hand as on 8 November 2016	1.00	9.07	10.07
Add: Permitted receipts	-	21.40	21.40
Less: Permitted payments	(0.18)	(23.05)	(23.23)
Less: Amount deposited in banks	(0.82)	-	(0.82)
Closing cash in hand as on 30 December 2016	-	7.42	7.42

For the purpose of this clause, the term specified bank note shall have the same meaning provided in the notification of the Government of India, the Ministry of Finance - Department of Economic Affairs No. S.O.3407 (E), dated November 8, 2016.

21 Other bank balances

	As at 31 March 2018	As at 31 March 2017
Fixed deposits with original maturity of more than three months	3.72	3.00
	3.72	3.00

The Company has pledged its short-term demand deposits amounting to INR 3.00 crores as a collateral in respect of certain financing arrangements entered into by its subsidiary, Rajprotim Supply Chain Solutions Limited. Further it has pledged INR 0.56 crores of fixed deposit against the Overdraft facility availed from SBI during the year.

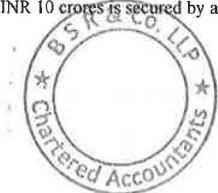
22 Deposits and other receivables

	As at 31 March 2018	As at 31 March 2017
Non-current		
Security deposit	7.45	3.59
	7.45	3.59
Current		
Security deposit	2.08	2.69
Unbilled revenue	-	3.94
	2.08	6.63

23 Loans

	As at 31 March 2018	As at 31 March 2017
<i>Secured, considered good</i>		
Loan to body corporates*	10.00	10.00
Less: Loss allowance	-	-
	10.00	10.00
<i>Unsecured, considered good</i>		
Loan to body corporates	2.00	-
Less: Loss allowance	-	-
	2.00	-
	12.00	10.00
Non-current	-	5.00
Current	12.00	5.00
	12.00	10.00

* The Company has given INR 12 crore as loan to Rajprotim Agencies Private Limited ("RAPAL"). Out of INR 12 crores, INR 10 crores is secured by a pledge of 62,000 shares of RAPAL.



ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

24 Other financial assets

	As at 31 March 2018	As at 31 March 2017
Non-current		
Advance for purchase of shares	3.60	3.12
Long term finance lease receivable (refer note below)	4.99	-
	8.59	3.12
Current		
Insurance claim receivable	-	0.83
Current maturities of finance lease receivable (refer note below)	0.45	-
Interest accrued	0.27	-
Others	0.93	0.46
	1.65	1.29

Finance lease receivable

Finance lease receivable is as follows:

	31 March 2018		
	Future minimum lease payments (MLP)	Interest elements of MLP	Present value of minimum lease payments
Within less than one year	1.11	0.67	0.44
Between One and five years	5.54	2.27	3.27
After more than five years	1.92	0.19	1.72
	8.57	3.13	5.43

The Company did not have any finance lease receivables in the prior year.

25 Other assets

	As at 31 March 2018	As at 31 March 2017
Non-current		
Capital advances	0.66	0.24
Prepayments	1.33	0.62
Receivable from government authorities	1.38	-
	3.37	0.86
Current		
Prepayments	1.03	0.80
Balances with Statutory authorities	0.69	0.04
Others	0.60	0.16
	2.32	1.00



ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

26A Share Capital

	As at 31 March 2018	As at 31 March 2017
Authorised		
15,000,000 (31 March 2017: 15,000,000) equity shares of Rs. 10 each	15.00	15.00
Issued, Subscribed and Paid-up		
7,243,230 (31 March 2017: 7,243,230) equity shares of Rs. 10 each fully paid up	7.24	7.24

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31 March 2018		As at 31 March 2017	
	No. of shares	Amount	No. of shares	Amount
	Equity shares			
At the commencement of the year	72,43,230	7.24	45,50,000	4.55
Shares issued for cash	-	-	26,93,230	2.69
At the end of the year	72,43,230	7.24	72,43,230	7.24

Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares of par value of Rs.10/- per share. Accordingly, all equity shares rank equally with regard to dividends, voting rights or otherwise. The equity shareholders are entitled to receive dividend as may be declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company.

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

Shares held by holding / ultimate holding company and / or their subsidiaries / associates and particulars of shareholder holding more than 5% shares of a class of shares

	As at 31 March 2018		As at 31 March 2017	
	No. of shares	Amount	No. of shares	Amount
	Equity shares of Rs. 10/- each paid up held by Redington (India) Limited and its nominees	72,43,230	7.24	72,43,230

26B Other equity

a. Securities premium

	As at 31 March 2018	As at 31 March 2017
At the commencement of the year	12.31	-
Share issued for cash	-	12.31
At the end of the year	12.31	12.31

Securities premium is used to record the premium received on issue of shares.

b. Capital reserve

	As at 31 March 2018	As at 31 March 2017
At the commencement of the year	-	-
Stock Compensation Cost (Refer Note 10)	0.67	-
At the end of the year	0.67	-

Capital reserve represents accumulated stock compensation cost in respect of Stock Appreciation Rights granted to the employees and directors of the Company by the holding company.



ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

26B Other equity (contd.)

c. Dividends

The following dividends were paid by the Company during the year:

	Year ended 31 March 2018	Year ended 31 March 2017
INR 5 per equity share (31 March 2017: INR. 4)	3.62	1.82
Dividend distribution tax (DDT) on dividend to equity shareholders	0.74	0.37
	4.36	2.19

After the reporting dates the following dividends (excluding dividend distribution tax) were proposed by the directors subject to the approval at the annual general meeting; the dividends have not been recognised as liabilities. Dividends would attract dividend distribution tax when declared or paid.

	As at 31 March 2018	As at 31 March 2017
INR 6 per equity share (31 March 2017: INR 5 per equity share)	4.35	3.62

d. Analysis of accumulated OCI, net of tax

A. Other items of OCI

	Year ended 31 March 2018	Year ended 31 March 2017
Remeasurements of defined benefit liability (asset)	(0.73)	(0.28)
	(0.73)	(0.28)

Remeasurements of defined benefit liability (asset)

	Year ended 31 March 2018	Year ended 31 March 2017
Opening balance	(0.28)	0.01
Remeasurements of defined benefit liability (asset)	(0.44)	(0.29)
Closing balance	(0.72)	(0.28)

Remeasurements of defined benefit liability (asset)

Remeasurements of defined benefit liability (asset) comprises actuarial (losses) / gains.

26C Capital management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to shareholder through the optimisation of debt and equity balances by maintaining an appropriate level of parity between them. The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. Adjusted equity comprises all components of equity. Adjusted net debt comprises short term as well as long term borrowings including finance leases, less cash and cash equivalents. The Company's policy is to keep this ratio below 1.00. The Company's adjusted net debt to equity ratio at the end of the year is as follows:

Particulars	As at 31 March 2018	As at 31 March 2017
Total borrowings - short term and long term	24.52	11.47
Less: Cash and cash equivalents and other bank balances	4.62	3.90
Net Debt (A)	19.90	7.57
Total Equity (B)	75.54	57.06
Adjusted net debt to adjusted equity ratio	0.26	0.13



ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

27 Earnings per share

a. Basic and diluted earnings per share

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic and diluted earnings per share calculation are as follows:

(i) Profit (loss) attributable to equity shareholders (basic and diluted)

	Year ended 31 March 2018	Year ended 31 March 2017
Profit (loss) for the year, attributable to the equity holders	22.18	18.43

(ii) Weighted average number of equity shares (basic and diluted)

	Year ended 31 March 2018	Year ended 31 March 2017
Opening balance	7,243,230	4,550,000
Effect of fresh issue of shares for cash	-	1,480,627
Weighted average number of equity outstanding during the year	7,243,230	6,030,627

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ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

28 Borrowings

	As at 31 March 2018	As at 31 March 2017
Non current borrowings		
Long term maturities of finance lease obligations (secured)	4.23	-
	4.23	-
Current borrowings		
<i>Loans from banks</i>		
Cash credit facilities (secured)	5.28	1.47
Overdraft facilities (secured)	0.35	-
Working capital demand loan (secured)	14.00	-
Loans from related party (unsecured)	-	10.00
Current portion of finance lease obligations (secured)	0.66	-
	20.29	11.47

Information about the Company's exposure to interest rate and liquidity risk is provided in Note 33

A. Terms and repayment schedule

Terms and conditions of outstanding borrowings are as follows:

	Currency	Nominal interest rate	Year of maturity	Carrying amount at 31 March 2018	Carrying amount at 31 March 2017
Cash credit from banks	INR	9.2 to 10%	2018-19	5.28	1.47
Overdraft facilities from banks	INR	7.75%	2018-19	0.35	-
Working capital demand loan	INR	8.75%	2018-19	14.00	-
Loan from Holding Company	INR	6.55%	2017-18	-	10.00
Finance lease obligations (secured)	INR	10.25%	2022-23	4.89	-
				24.52	11.47

Summary of borrowing arrangements

Cash credit from banks and working capital demand loan from banks is secured by a pari-passu charge on all receivables / book debts of the Company

Overdraft facilities from banks is secured by fixed deposits of INR 0.56 crores.

Finance lease obligations is secured against the assets taken on lease.

The loan from holding company is an unsecured working capital loan.

Finance lease obligations *

Finance lease obligations are as follows:

	31 March 2018		
	Future Minimum Lease Payments (MLP)	Interest Elements of MLP	Present Value of Minimum Lease Payments
Within less than one year	1.13	0.47	0.66
Between One and five years	5.28	1.05	4.23
After more than five years	-	-	-
	6.41	1.52	4.89

* There were no finance lease obligations in the previous year.



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ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

28 Borrowings (contd.)

Details of borrowings availed and repaid during the year

Particulars	Cash credit and overdraft from banks	Working capital demand loan	Loan from Holding Company	Finance lease obligations	Total
Balance at the beginning of the year					
- Borrowings	1.47	-	10.00	-	11.47
- Other financial liabilities	-	-	-	-	-
Loans availed during the year	4.16	24.00	14.00	5.10	47.26
Loans repaid during the year	-	(10.00)	(24.00)	(0.21)	(34.21)
Interest expense	0.42	0.28	0.58	0.17	1.45
Interest paid	(0.42)	(0.17)	(0.58)	(0.17)	(1.34)
Balance at the end of the year					
-Borrowings	5.63	14.00	-	4.89	24.52
-Other financial liabilities	-	0.11	-	-	0.11

29 Trade payables

	As at 31 March 2018	As at 31 March 2017
Trade payables to related parties	0.05	-
Other trade payables	19.93	7.01
	19.98	7.01

All trades payables are 'current'

The Company's exposure to currency and liquidity risk related to trade payables is disclosed in note 33. Also, refer note 37 on Micro, Small and Medium Enterprises.

30 Other financial liabilities

	As at 31 March 2018	As at 31 March 2017
Advance from customers	0.02	0.16
Deposit from customers	0.47	0.15
Other payables	0.24	0.21
	0.73	0.52
Non current	-	-
Current	0.73	0.52
	0.73	0.52

The Company's exposure to currency and liquidity risk related to above financial liabilities is disclosed in note 33.

31 Other current liabilities

	As at 31 March 2018	As at 31 March 2017
Dues to employees	3.01	2.23
Statutory dues	2.12	0.60
	5.13	2.83
Non current	-	-
Current	5.13	2.83
	5.13	2.83



ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

32 Provisions

	Non current		Current	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Provision for employee benefits				
Liability for gratuity	2.09	1.39	0.28	0.09
Liability for compensated absences	0.80	0.54	0.12	0.04
	2.89	1.93	0.40	0.13

For details about the related employee benefit expenses, see Note 10

The Company operates the following post-employment defined benefit plans:

The Company has a defined benefit gratuity plan in India (the Plan), governed by the Payment of Gratuity Act, 1972. The Plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee at the time of retirement, death or termination of employment. Liabilities for the same are determined through an actuarial valuation as at the reporting dates using the "projected unit cost method".

These defined benefit plans expose the Company to actuarial risks, such as longevity risk and interest rate risk.

A. Funding

The gratuity plan of the Company is an unfunded plan.

B. Reconciliation of the net defined benefit (asset)/ liability

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

Reconciliation of present value of defined benefit obligation

	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the year	1.49	0.96
Benefits paid	(0.13)	(0.06)
Current service cost	0.29	0.19
Interest cost	0.19	0.07
Actuarial (gains) losses recognised in other comprehensive income		
- changes in demographic assumptions	-	-
- changes in financial assumptions	0.34	0.06
- experience adjustments	0.19	0.27
Balance at the end of the year	2.37	1.49

C. Expense/ (income) recognised in the statement of profit or loss

	Year ended 31 March 2018	Year ended 31 March 2017
Current service cost	0.29	0.21
Interest cost	0.19	0.07
	0.48	0.28



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ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

32 Provisions (contd.)

D. Remeasurements recognised in other comprehensive income

	Year ended 31 March 2018	Year ended 31 March 2017
Actuarial gain on defined benefit obligations	0.53	0.33
	0.53	0.33

E. Defined benefit obligation

i. Actuarial assumptions

Principal actuarial assumptions at the reporting date:

	As at 31 March 2018	As at 31 March 2017
Discount rate	7.50%	7.50%
Future salary growth	7.50%	5.00%
Attrition rate	12.50%	5.00%

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:

	As at 31 March 2018		As at 31 March 2017	
	Increase in %	Decrease in %	Increase in %	Decrease in %
Discount rate (1% movement)	(0.14)	0.15	(0.14)	0.14
Future salary growth (1% movement)	0.15	(0.14)	0.14	(0.14)
Attrition rate (1% movement)	(0.01)	0.01	0.02	(0.04)

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

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ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

33 Financial instruments - Fair values and risk management

A. Accounting classification and fair values

Note	As at 31 March 2018				As at 31 March 2017			
	FVTPL	FVOCI	Amortised cost	At cost	FVTPL	FVOCI	Amortised cost	At cost
<i>Financial assets not measured at fair value</i>								
Trade receivables	19	-	-	55.21	-	-	-	28.57
Cash and cash equivalents	20	-	-	0.90	-	-	-	0.90
Other bank balances	21	-	-	3.72	-	-	-	3.00
Loans	23	-	-	12.00	-	-	-	10.00
Deposits and other receivables	22	-	-	9.53	-	-	-	10.22
Investments	17	-	-	-	15.20	-	-	-
Other financial assets	24	-	-	10.24	-	-	-	4.41
Total financial assets				91.60	15.20			57.10
<i>Financial liabilities not measured at fair value</i>								
Trade payables	29	-	-	19.98	-	-	-	7.01
Borrowings	28	-	-	20.29	-	-	-	11.47
Other financial liabilities	30	-	-	0.73	-	-	-	0.52
Total financial liabilities				41.00				19.00

Note: The Company has not disclosed fair values of financial instruments such as trade receivables, cash and bank balances, loans, deposits and other receivables, trade payables, borrowings because their carrying amounts are reasonable approximations of their fair values.

B. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the standalone financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within 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).

(a) Financial assets and liabilities measured at amortised cost

The financial instruments that have been measured at amortised costs are fair valued using Level 2 hierarchy. The Company has not disclosed the fair values for certain financial instruments measured at amortised costs as such as trade receivables and payables and other items (refer note 33A), because their carrying amounts are a reasonable approximation of fair value.

B. Fair value hierarchy

(a) Financial assets and liabilities measured at amortised cost (contd.)

	As at 31 March 2018			As at 31 March 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<i>Financial assets not measured at fair value</i>						
Security deposits	-	9.53	-	-	6.28	-
	-	9.53	-	-	6.28	-

Financial assets not measured at fair value

Security deposits



ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

33 Financial instruments - Fair values and risk management (contd.)

C. Financial risk management

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

- credit risk;
- liquidity risk; and
- market risk

i. Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors along with the top management are responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set 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.

ii. Credit risk

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

The carrying amounts of financial assets represent the maximum credit risk exposure.

Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of the Company's trade receivables, certain loans and advances and other financial assets.

The maximum exposure to credit risk for trade and other receivables are as follows:

	Carrying amount	
	As at 31 March 2018	As at 31 March 2017
Trade receivables	55.21	28.57
Unbilled revenue	-	3.94
Total trade and other receivables	55.21	32.51
Cash and bank balances	0.90	0.90
Other bank balances	3.72	3.00
Loans	12.00	10.00
Investments	15.20	9.88
Deposits and other receivables (excluding unbilled revenue)	9.53	6.28
Other financial assets	10.24	4.41
Total	106.80	66.98

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.



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ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

33 Financial instruments - Fair values and risk management (contd.)

C. Financial risk management (contd.)

Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Given that the macro economic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of minimal credit losses to continue. Further, management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full except to the extent already provided, based on historical payment behavior and extensive analysis of customer credit risk. The impairment loss at the reporting dates related to several customers that have defaulted on their payments to the Company and are not expected to be able to pay their outstanding balances, mainly due to economic circumstances.

ii. Credit risk (contd.)

The Company determines credit risk based on a variety of factors including but not limited to the age of the receivables, cash flow projections and available press information about customers. In order to calculate the loss allowance, loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency through write-off. Roll rates are calculated separately for exposures in different stages of delinquency primarily determined based on the time period for which they are past due.

Receivables from customers that individually constituted more than 10% of the Company's receivables are as follows:

	As at 31 March 2018	As at 31 March 2017
Customer A	12.01	1.30
Customer B	8.23	4.11
Customer C	7.49	6.35
	27.73	11.76

The ageing of trade receivables that were not impaired as at the reporting date was:

As at 31 March 2018

	Gross carrying amount	Weighted- average loss rate	Loss allowance	Whether credit impaired
Not due	29.05	0.00%	-	No
Past due 1-90 days	20.85	0.00%	-	No
Past due 90-180 days	4.45	0.00%	-	No
Past due 181-270 days	0.86	0.00%	-	No
Past due 271-365 days	0.18	100.00%	(0.18)	No
Past due for more than 365 days	-	0.00%	-	No
Total	55.39		(0.18)	

As at 31 March 2017

	Gross carrying amount	Weighted- average loss rate	Loss allowance	Whether credit impaired
Not due	16.89	0.00%	-	No
Past due 1-90 days	10.09	0.00%	-	No
Past due 90-180 days	0.92	0.00%	-	No
Past due 181-270 days	0.32	0.00%	-	No
Past due 271-365 days	0.27	0.00%	-	No
Past due for more than 365 days	0.23	64.52%	(0.15)	No
Total	28.72		(0.15)	



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ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

33 Financial instruments - Fair values and risk management (contd.)

C. Financial risk management (contd.)

Movements in the allowance for impairment in respect of trade receivables and loans

The movement in the allowance for impairment in respect of trade receivables is as follows:

	31 March 2018	31 March 2017
Balances at 1 April	0.15	0.04
Provision for the year	0.03	0.11
Balance at 31 March	0.18	0.15

Cash and bank balances (includes amounts classified under other bank balances and deposits and other receivables)

The Company holds cash and bank balances of INR 4.62 at 31 March 2018 (31 March 2017: INR 3.90). The credit worthiness of such banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good.

Security deposits

This balance is primarily constituted by deposit given in relation to leasehold premises occupied by the Company for carrying out its operations. The Company does not expect any losses from non-performance by these counter-parties.

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

Exposure to liquidity risk

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

	Contractual cash flows						
	Carrying amount	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
31 March 2018							
Non derivative financial liabilities							
Loans from banks	19.63	19.63	19.63	-	-	-	-
Finance lease obligations	4.89	4.89	0.32	0.34	0.73	3.50	-
Trade payables	19.98	19.98	19.98	-	-	-	-
Other financial liabilities	0.73	0.73	0.73	-	-	-	-
	45.23	45.23	40.66	0.34	0.73	3.50	-



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ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

33 Financial instruments - Fair values and risk management (contd.)

C. Financial risk management (contd.)

	Carrying amount	Total	Contractual cash flows				
			6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
31 March 2017							
Non derivative financial liabilities							
Loan from banks	1.47	1.47	1.47	-	-	-	-
Loan from related parties	10.00	10.00	10.00	-	-	-	-
Trade payables	7.01	7.01	7.01	-	-	-	-
Other financial liabilities	0.52	0.52	0.52	-	-	-	-
	19.00	19.00	19.00	-	-	-	-

iv. Market risk

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

The following table analyzes foreign currency risk from financial instruments:

	As at 31 March 2018		As at 31 March 2017	
	INR	USD	INR	USD
Financial assets:				
Trade receivables	46.62	8.59	24.39	4.18
Unbilled revenue	-	-	3.94	-
Investments	15.20	-	9.88	-
Loans	12.00	-	10.00	-
Cash and cash equivalents	0.90	-	0.90	-
Other bank balances	3.72	-	3.00	-
Deposits and other receivables	9.53	-	6.28	-
Other financial assets	10.24	-	4.41	-
Financial liabilities:				
Borrowings	(20.29)	-	(11.47)	-
Trade payables	(19.98)	-	(7.01)	-
Other financial liabilities	(0.73)	-	(0.52)	-
Net assets / (liabilities)	57.21	8.59	43.80	4.18

Sensitivity analysis

A reasonably possible strengthening (weakening) of INR against US dollar at 31 March 2018 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.



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ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

33 Financial instruments - Fair values and risk management (contd.)

C. Financial risk management (contd.)

	Profit / (loss)		Equity, net of tax	
	Strength- ening	Weakening	Strength- ening	Weakening
31 March 2018				
USD (1% movement)	(0.09)	0.09	-	-
31 March 2017				
USD (1% movement)	(0.04)	0.04	-	-

Interest rate risk

The Company has only one type of variable rate instrument i.e. cash credit facility being used for cash management purposes. Company's exposure to variable rate instruments is insignificant.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments is as follows:

Variable-rate instruments

	31 March 2018	31 March 2017
Fixed rate instruments		
Financial assets - Loans	12.00	10.00
Financial assets - Finance lease receivable	5.44	-
Financial liabilities- Unsecured loan	-	(10.00)
Financial liabilities- Finance lease obligation	(4.89)	-
	12.55	-

Variable-rate instruments

	31 March 2018	31 March 2017
Financial liabilities- Secured loan	(5.28)	(1.47)
	(5.28)	(1.47)

Cash flow sensitivity analysis for variable rate instruments

A reasonable possible change of 100 basic points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Effect on profit and loss before tax	
	100 bp increase	100 bp decrease
31 March 2018		
Variable-rate instrument	(0.05)	0.05
Cash flow sensitivity (net)	(0.05)	0.05
31 March 2017		
Variable-rate instrument	(0.01)	0.01
Cash flow sensitivity (net)	(0.01)	0.01

34 Operating leases

A. Leases as lessee

The Company has taken on lease a number of offices and warehouse facilities under cancellable operating leases. The leases are for varied periods, which are renewable at the option of the Company.

i. Amounts recognised in profit or loss

	Year ended 31 March 2018	Year ended 31 March 2017
Lease expense	35.87	22.24

35 Capital commitments and contingent liabilities

	As at March 31 2018	As at March 31 2017
Estimated amount of contracts remaining to be executed on capital account and not provided	3.15	0.38



ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

36 Related parties

(i) Names of related parties and description of relationship

Nature of Relationship	Name of the Party
Holding company	Redington (India) Limited
Subsidiary company	Rajprotim Supply Chain Solutions Limited
Fellow Subsidiaries	Cadensworth (India) limited (CIL) (merged with Redington (India) Limited w.e.f April 01, 2016)
	Ensure Support Services (India) Limited
Holding company's trust	Foundation for CSR @ Redington
Key Management Personnel	Mr. E.H. Kasturi Rangan, Director Dr. R. Arunachalam, Chief Executive Officer (CEO) Mr. Kasi Viswanathan P.S, Chief Finance Officer (CFO)

B. Transaction with key management personnel

Key management personnel of the Company comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel compensation during the year are as follows:

	Director	CEO	CFO	Total
For the year ended 31 March 2018				
Short term employee benefits	-	0.74	0.40	1.14
Post-employment defined benefits	-	*	*	*
Compensated absences	-	*	*	*
Stock Compensation expense	-	0.06	0.03	0.09
Sitting fees	0.01	-	-	0.01
Total	0.01	0.80	0.43	1.24
For the year ended 31 March 2017				
Short term employee benefits	-	0.70	0.37	1.07
Post-employment defined benefits	-	*	*	*
Compensated absences	-	*	*	*
Stock Compensation expense	-	-	-	-
Sitting fees	0.01	-	-	0.01
Total	0.01	0.70	0.37	1.08

Compensation of the Company's key management personnel includes salaries, non-cash benefits and contributions to post-employment defined benefit plan (see Note 10).

* Amount attributable to post employment benefits and compensated absences have not been disclosed as the same cannot be identified distinctly in the actuarial valuation.



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ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

C. Related party transactions other than those with key management personnel

	Transaction value		Balance outstanding	
	Year ended 31 March 2018	Year ended 31 March 2017	As at 31 March 2018	As at 31 March 2017
Sale of goods and services				
Holding Company	67.91	60.69	7.49	9.95
Cadensworth (India) Limited	-	2.06	-	0.17
Purchase of Fixed Assets				
Cadensworth (India) Limited	-	0.06	-	-
Rental Expenses				
Holding company	2.41	2.72	-	0.38
Service charges				
Holding company	0.69	0.13	-	-
Interest expense				
Holding company	0.58	0.21	-	-

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ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018
(All amounts are in Indian rupees in crores, except share data and as stated)

36 Related parties (contd.)

C. Related party transactions other than those with key management personnel

	Transaction value		Balance outstanding	
	Year ended 31 March 2018	Year ended 31 March 2017	As at 31 March 2018	As at 31 March 2017
ERP and Support Cost				
Holding company	-	0.62	-	-
Service charges				
Cadensworth (India) Limited	-	0.04	-	-
Interest expense				
Cadensworth (India) Limited	-	0.05	-	-
Service charges				
Ensure Support Services India Limited	0.08	0.08	0.02	0.01
Rental Expenses				
Ensure Support Services India Limited	0.32	0.23	0.03	-
Reimbursement of expenses				
Holding Company	-	-	-	-
Cadensworth (India) Limited	-	0.10	-	-
Ensure Support Services India Limited	0.01	0.09	-	-
Rental Income				
Ensure Support Services India Limited	-	0.23	-	-
Proceeds from issue of equity shares				
Holding company	-	15.00	-	-
Loan taken				
Holding company	14.00	33.00	-	10.00
Loan repaid				
Holding company	24.00	23.00	-	-
Dividend paid				
Holding company	3.62	1.82	-	-

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ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

37 Due to micro, small and medium enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) which came into force from October 02, 2006, certain disclosures are required to be made relating to dues to micro, small and medium enterprises (MSME). On the basis of the information and records available with the management, none of the Company's suppliers are covered under the MSMED and accordingly, disclosure of information relating to principal, interest accruals and payments are not applicable.

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
(a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;	-	-
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(c) 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 Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

38 Stock Appreciation Rights

On December 30, 2017, Redington (India) Limited ('the Holding Company') granted 1,104,000 Stock Appreciation Rights (SARs) to the eligible employees and directors of the Company under the Redington Stock Appreciation Right Scheme, 2017 ('SAR Scheme'). The SAR scheme was duly approved by the Board of Directors and the Shareholders of the Holding Company pursuant to which the shares of the Holding Company will be issued to the eligible employees and directors of the Company.

Each SAR entitles the employees and directors to receive equity shares of the Company equivalent to the increase in value of one equity share ('Appreciation') of the holding company. Appreciation is calculated by reducing the issue price / base price from the reported closing price of the equity shares of the holding company in the NSE / BSE where there is highest trading, on the day prior to the date of exercising of these SARs and multiplying the resultant with the number of SARs exercised.

These SARs vest over a period of 3 years from the date of the grant in the following manner:

10% of the SARs vest after a period of one year from the grant date, 20% of the SARs vest after a period of two years from the grant date and 70% of the SARs vest after a period of three years from the grant date. These SARs are exercisable within a period of three years from the respective date of vesting.

Certain SARs granted to the members of senior management team as identified by the Nomination and Remuneration committee of the Holding Company have an associated performance condition. Of the total SARs granted to senior management team, 35% of the SARs that would vest at the end of 3 years from the date of the grant are subject to these performance condition.



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ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

38 Stock Appreciation Rights (Contd..)

B. Measurement of fair values

The fair value of these SARs were determined based on the grant date fair values using the Black Scholes model. The fair value of the options and inputs as determined by the holding company and used in the measurement of the grant date fair values of the equity settled SARs are as follows:

Particulars	31 March 2018
Fair value at grant date (weighted-average)	INR 71.99 per SAR
Share price at grant date	INR 174.60 per share
Base price / Exercise price	INR 148.50 per SAR
Expected volatility (weighted-average)	35.72%
Expected life (weighted-average)	4.10 years
Expected dividends	1.20%
Risk-free interest rate (weighted-average)	7.02%

Expected volatility has been based on an evaluation of the historical volatility of the holding company's share prices. The expected term of the instruments has been determined based on the average of vesting period and the contractual term of the instruments.

C. Reconciliation of outstanding share options

The number and weighted-average exercise prices of SARs under the share option plan were as follows:

Particulars	Number of SARs
Outstanding as at April 01, 2017	Nil
Add: Granted during the year	1,104,000
Less: Exercise during the year	-
Less: Forfeited during the year	-
Outstanding as at March 31, 2018	1,104,000
SARs exercisable at the end of the year	Nil

The SARs outstanding as at March 31, 2018 have a base price / exercise price of INR 148.50 per SAR and a weighted average remaining contractual life of 3.85 years. No SARs were exercised during the year.

D. Expense recognized in statement of profit and loss

The Company has recognized costs with respect to those SARs which were issued to the employees and directors of the Company in the statement of profit and loss as employee benefit expenses. For details on the employee benefit expenses refer note 10. The corresponding credits are accumulated in capital reserve. For details refer note 26B.



ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

39 Transfer pricing

The Company has transactions with related parties. For the financial year 2016-17, the Company has obtained the Accountant's report from a Chartered Accountant as required by the relevant provisions of the Income-tax Act, 1961 ("the Act") and has filed the same with the tax authorities. For the financial year 2017-18, the management confirms that it maintains documents as prescribed by the Act to prove that these transactions are at arm's length and the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

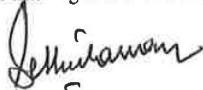
40 Subsequent events

On May 17, 2018, the Board of Directors of the Company have proposed a final dividend of INR 6 per share in respect of the year ended March 31, 2018 subject to the approval of shareholders at the Annual General Meeting.

for **BSR & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022



S Sethuraman

Partner

Membership No. 203491

for and on behalf of the board of directors of

Proconnect Supply Chain Solutions Limited

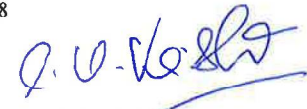
CIN: U63030TN2012PLC087458



Kasturi Rangan E.H

Director

DIN: 01814089



Krishnan S.V

Director

DIN: 07518349



Kasi Viswanathan P.S

Chief financial officer



Vignesh Kumar S M

Company secretary

Place: Chennai

Date: 17 May 2018

Place: Chennai

Date: 17 May 2018



Rajprotim Supply Chain Solutions Limited

Balance Sheet as at 31 March 2018

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

	Note	As at 31 March 2018	As at 31 March 2017
Assets			
Non-current assets			
Property, plant and equipment	13	113.99	60.65
Intangible assets	14	381.17	352.17
Financial assets			
Deposits and other receivables	17	265.35	215.10
Deferred tax assets	12	5.75	2.74
Other non-current assets	18	41.62	59.13
Total non-current assets		807.88	689.79
Current assets			
Financial assets			
Trade receivables	15	3,213.04	1,358.07
Cash and cash equivalents	16	8.33	60.55
Deposits and other receivables	17	48.33	452.97
Other current assets	18	1,840.63	40.10
Total current assets		5,110.33	1,911.69
Total assets		5,918.21	2,601.48
Equity and liabilities			
Equity			
Equity share capital	19A	1,116.66	833.33
Other equity			
Securities premium	19B	883.34	466.67
Retained earnings		592.96	122.50
Other comprehensive Income		0.11	-
Total equity		2,593.07	1,422.50
Liabilities			
Non-current liabilities			
Provisions	25	6.79	5.35
Total non-current liabilities		6.79	5.35
Current liabilities			
Financial liabilities			
Borrowings	21	2,050.95	323.51
Trade payables	22	861.98	360.69
Other financial liabilities	23	55.06	404.98
Provisions	25	0.02	0.15
Income tax liabilities		62.55	50.33
Other current liabilities	24	287.79	33.97
Total current liabilities		3,318.35	1,173.63
Total liabilities		3,325.14	1,178.98
Total equity and liabilities		5,918.21	2,601.48

Significant accounting policies 3

The accompanying notes form an integral part of financial statements

As per our report of even date attached

for B H & CO

Chartered Accountants

ICAI Firm Registration No.013397S

Hitesh.B

Partner

Membership No. 222580

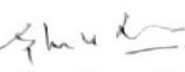
Place: Chennai

Date: 14 May 2018

for and on behalf of the Board of Directors of
Rajprotim Supply Chain Solutions Limited


Partha Pratim Banerjee
Managing Director
DIN 00609961


Kasi Viswanathan.P.S
Director
DIN 07562333


Vignesh Kumar.S.M
Company Secretary


Anirban Roy
Chief Financial Officer

Place: New Delhi

Date: 14 May 2018



Rajprotim Supply Chain Solutions Limited

Statement of Profit and Loss for the Year ended 31 March 2018

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

	Note	Year ended 31 March 2018	Period ended 31 March 2017
Revenue			
Revenue from operations	6	11,879.54	3,431.91
Other Income	7	13.82	9.10
Total Revenue		11,893.36	3,441.01
Expenses			
Employee benefit expense	8	452.99	209.63
Finance costs	9	115.80	14.87
Depreciation and amortisation expense	10	141.26	27.51
Other expenses	11	10,470.12	3,001.44
Total expenses		11,180.17	3,253.45
Profit before tax		713.19	187.56
Income tax			
Current tax	12	256.42	67.80
Current tax for earlier period		(10.68)	-
Deferred tax		(3.01)	(2.74)
Income tax expense		242.73	65.06
Profit for the year/ period		470.46	122.50
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurements of the defined benefit liability		0.17	-
Income tax relating to items that will not be reclassified to profit or loss		(0.06)	-
Net other comprehensive income not to be reclassified subsequently to profit or loss		0.11	-
Other comprehensive income for the year, net of income tax		0.11	-
Total comprehensive income for the year/period		470.57	122.50
Earnings per share			
Basic and diluted earnings per share (in Indian Rupees)	20	4.83	3.94
Significant accounting policies	3		

The accompanying notes form an integral part of financial statements

As per our report of even date attached
for **BH & CO**
Chartered Accountants
ICAI Firm Registration No.0133975



Hitesh.B
Partner
Membership No. 222580

Place: Chennai
Date: 14 May 2018

for and on behalf of the Board of Directors of
Rajprotim Supply Chain Solutions Limited



Partha Pratim Banerjee
Managing Director
DIN 00609961



Kasi Viswanathan.P.S
Director
DIN 07562333



Vignesh Kumar.S.M
Company Secretary



Anirban Roy
Chief Financial Officer

Place: New Delhi
Date: 14 May 2018



Rajprotim Supply Chain Solutions Limited**Statement of cash flow for the year ended 31 March 2018**

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

	Year ended 31 March 2018	Year ended 31 March 2017
Cash flow from operating activities		
Profit for the year	713.19	187.56
Adjustments for:		
Depreciation and amortisation	141.26	27.51
Finance costs	115.80	14.87
Interest income on security deposits at amortised cost	(5.30)	(9.10)
Prepayment cost of Security deposits	6.72	
	971.67	220.84
Working capital adjustments:		
(Increase) decrease in trade receivables	(1,854.97)	(1,358.07)
(Increase) decrease in deposits and other receivables	352.97	(758.05)
Increase (decrease) in other current / non current assets	(1,791.82)	-
Increase (decrease) in trade payable and other financial liabilities	151.37	395.12
(Decrease)/ increase in provisions and other liabilities	255.26	39.32
Cash generated from operating activities	(1,915.52)	(1,460.84)
Income tax paid (net)	(233.54)	(17.47)
Net cash generated from / (used in) operating activities (A)	(2,149.06)	(1,478.31)
Cash flow from investing activities		
Acquisition of property, plant and equipment	(214.80)	(69.78)
Net cash generated from / (used in) investing activities (B)	(214.80)	(69.78)
Cash flow from financing activities		
Proceeds from issue of share capital (including securities premium)	700.00	1,300.00
Proceeds from short term borrowings from related parties	-	-
Interest paid	(115.80)	(14.87)
Net cash generated from / (used in) financing activities (C)	584.20	1,285.13
Net decrease in cash and cash equivalents (A+B+C)	(1,779.66)	(262.96)
Cash and cash equivalents as at April 1,	(262.96)	
Cash and cash equivalents as at March 31,	(2,042.62)	(262.96)

Significant accounting policies

3

The accompanying notes form an integral part of financial statements

As per our report of even date attached
for **BH & CO**
Chartered Accountants
ICAI Firm Registration No.013397S

for and on behalf of the Board of Directors of
Rajprotim Supply Chain Solutions Limited

Hitesh.B
Partner
Membership No. 222580

Partha Pratim Banerjee
Managing Director
DIN 00609961

Kasi Viswanathan.P.S
Director
DIN 07562333

Vignesh Kumar.S.M
Company Secretary

Anirban Roy
Chief Financial Officer

Place: Chennai

Date: 14 May 2018



Place: New Delhi

Date: 14 May 2018

Rajprotim Supply Chain Solutions Limited

Statement of changes in equity for the year ended 31 March 2018

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

Statement of changes in equity

(a) Equity share capital

Particulars	No. of shares	Amount
Equity shares of Rs. 10 each issued, subscribed and fully paid		
Balance as at 25 July 2016	50,000	5.00
Shares issued during the period	82,83,333	828.33
Balance as at 1 April 2017	83,33,333	833.33
Shares issued during the year	28,33,333	283.33
Balance at 31 March 2018	1,11,66,666	1,116.66

(b) Other equity

	Attributable to the owners of the company			Total
	Reserves and surplus		Other	
	Securities premium	Retained earnings	Comprehensive Income Remeasurement of the defined benefit liability	
Balance as at 25 July 2016	-	-	-	-
Total comprehensive income				
Profit for the period	-	122.50	-	122.50
Total Comprehensive income for the period ended 31 March 2017	-	-	-	-
Total comprehensive income	-	122.50	-	122.50
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Shares issued during the period	466.67	-	-	466.67
Total transactions with owners	466.67	-	-	466.67
Balance at 31 March 2017	466.67	122.50	-	589.17
Balance at 1 April 2017	466.67	122.50	-	589.17
Total comprehensive income for the year ended 31 March 2018				
Profit for the year	-	470.46	-	470.46
Other comprehensive income for the year (net of tax)	-	-	0.11	0.11
Total comprehensive income	-	470.46	0.11	470.57
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Shares issued during the period	416.67	-	-	416.67
Total transactions with owners	416.67	-	-	416.67
Balance at 31 March 2018	883.34	592.96	0.11	1,476.41

Significant accounting policies

3

The accompanying notes form an integral part of financial statements

As per our report of even date attached
for **B H & CO**

Chartered Accountants
ICAI Firm Registration No.013397S

Hitesh.B.
Partner
Membership No. 222580

Place: Chennai
Date: 14 May 2018

for and on behalf of the Board of Directors of
Rajprotim Supply Chain Solutions Limited

Partha Pratim Banerjee
Managing Director
DIN 00609961

Place: New Delhi
Date: 14 May 2018

Kasi Viswanathan.P.S.
Director
DIN 07562333

Vignesh Kumar.S.M.
Company Secretary

Anirban Roy
Chief Financial Officer



Rajprotim Supply Chain Solutions Limited

Notes to the financial statements for the year ended 31 March 2018

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

1 Background

Rajprotim Supply Chain Solutions Limited ('Rajprotim' / 'Company') was incorporated on 25 July 2016. The Company (CIN:U63090WB2016PLC216763) is a subsidiary of ProConnect Supply Chain Solutions Limited which in turn is a wholly owned subsidiary of Redington (India) Limited ('Redington'). The Company is engaged in the business of providing comprehensive Supply Chain Management ('SCM') and total logistics solutions services including warehousing management and allied services for various corporate customers.

2 Basis of preparation

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act. Considering that the Company was incorporated on 25th July 2016, the comparatives are only for the period 25 July 2016 to 31 March 2017

These financial statements were authorised for issue by the Company's Board of Directors on 14 May 2018.

Details of the Company's accounting policies are included in Note 3

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 lakhs with two decimal points, unless otherwise stated.

2.3 Basis of measurement

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

Items	Measurement basis
- Certain financial assets and liabilities	Amortised cost

2.4 Use of estimates and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that effect the application of accounting policies and the 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. Revisions to accounting estimates are recognised prospectively.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- Note 33 - Acquisition of customer contracts

Assumptions and estimation uncertainties

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

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

- Note 26 – impairment of financial assets.



Rajprotim Supply Chain Solutions Limited

Notes to the financial statements for the year ended 31 March 2018

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

2 Basis of preparation (contd.)

2.5 Measurement of fair values

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

The Company has an established control framework with respect to the measurement of fair values. The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information, is used to measure fair values, then the Company assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised 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 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 asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair values of an asset or a liability, the Company uses observable market data as far as possible. If the inputs 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 categorised 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 transfer between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 26 – financial instruments

3 Significant accounting policies

3.1 Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company, at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss.

3.2 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.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.



Rajprotim Supply Chain Solutions Limited

Notes to the financial statements for the year ended 31 March 2018

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

3 Significant accounting policies (contd.)

3.2 Financial instruments (contd.)

ii. Classification and subsequent measurement

Financial assets

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

- amortised cost;
- 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 measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets 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.

All financial assets not classified as measured at amortised cost or FVOCI measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	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 are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

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 as 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 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

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.



Rajprotim Supply Chain Solutions Limited

Notes to the financial statements for the year ended 31 March 2018

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

3 Significant accounting policies (contd.)

3.2 Financial instruments (contd.)

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

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.

3.3 Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, 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.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

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

ii. 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.

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is generally recognised in the statement of profit and loss.

The estimated useful lives of items of property, plant and equipment for the current year and comparative period are as follows:

Asset	Management estimate of useful life
Plant and Machinery	5 years
Computer and accessories	3 years
Furniture and fixtures	4 years
Office equipments	5 years

Based on technical evaluation, the management believes that useful as given above best represent the period over which management expects to use these assets. Hence, the useful lives for these assets, is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

Depreciation on additions (disposals) is provided from the month in which asset is ready for use (disposed of).



Rajprotim Supply Chain Solutions Limited

Notes to the financial statements for the year ended 31 March 2018

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

3 Significant accounting policies (contd.)

3.4 Intangible assets

i. Intangible assets

Intangible assets including those acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

The estimated useful lives are as follows:

Asset	Useful life
Customer contracts	5 years
Software	3-5 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

3.5 Impairment

i. Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit - impaired. A financial asset is 'credit - impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit - impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12 month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.



Rajprotim Supply Chain Solutions Limited

Notes to the financial statements for the year ended 31 March 2018

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

3 Significant accounting policies (contd.)

3.5 Impairment (contd.)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward - looking information.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

ii. Impairment of non-financial assets

The Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated to reduce the carrying amounts of the assets of the CGU (or group of CGUs) on a pro rata basis.

3.6 Employee benefits

i. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term 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.



Rajprotim Supply Chain Solutions Limited

Notes to the financial statements for the year ended 31 March 2018

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

3 Significant accounting policies (contd.)

3.6 Employee benefits (contd.)

ii. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

iii. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

iv. Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

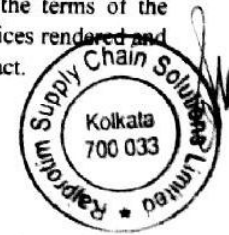
3.7 Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

3.8 Revenue recognition

i. Rendering of services

Service income mainly comprises of logistic services, warehousing charges, freight charges and other related charges for rendering supply chain management services to customers. Service income is recognised based on the terms of the agreement entered into with customers when the services are rendered. Unbilled revenue represents services rendered and revenue is recognised on contracts to be billed in subsequent periods as per the terms of the related contract.



Rajprotim Supply Chain Solutions Limited

Notes to the financial statements for the year ended 31 March 2018

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

3 Significant accounting policies (contd.)

3.9 Leases

i. Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease. At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

ii. Assets held under leases

Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Company's Balance Sheet.

iii. Lease payments

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.10 Recognition of dividend income, interest income or expense

Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.



Rajprotim Supply Chain Solutions Limited

Notes to the financial statements for the year ended 31 March 2018

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

3 Significant accounting policies (contd.)

3.11 Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. 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 periods. 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 and settle the liability on a net basis or simultaneously.

ii. 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 not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. 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 from 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 tax 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.

3.12 Cash and cash equivalents

Cash and cash equivalent comprise of cash on hand and at banks including short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

4 Recent accounting pronouncement

Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The effective date for adoption of Ind AS 115 is financial periods beginning on or after 1 April 2018. The effect on adoption of Ind AS 115 is expected to be insignificant.



Rajprotim Supply Chain Solutions Limited

Notes to the financial statements for the year ended 31 March 2018

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

5 Operating segments

The Company is engaged in only one business namely providing supply chain management ('SCM') services. The entity's chief operating decision maker considers the Company as a whole to make decisions about resources to be allocated to the segment and assess its performance. Accordingly, the Company does not have multiple segments and these financial statements are reflective of the information required by the Ind AS 108 for for SCM segment. The Company's operations are entirely domiciled in India and as such all its non-current assets are located in India. All of the company's customers are also located in India for which it earns revenues.

A. Major Customers

Revenue from customers that individually constituted more than 10% of the Company's revenue are as follows:

	Year ended 31 March 2018	Period ended 31 March 2017
Customer A	2,145.02	717.39
Customer B	1340.68	
Total	3,485.70	717.39

6 Revenue from operations

	Year ended 31 March 2018	Period ended 31 March 2017
<i>Sale of services</i>		
Income from supply chain management services	11,879.54	3,431.91
	11,879.54	3,431.91

7 Other income

	Year ended 31 March 2018	Period ended 31 March 2017
Interest income on		
Security deposits at amortised cost	5.30	9.10
Miscellaneous income	8.52	-
	13.82	9.10

8 Employee benefit expenses

	Year ended 31 March 2018	Period ended 31 March 2017
Salaries, wages and bonus	367.99	176.59
Contribution to provident funds	19.35	12.94
Expenses related to post-employment defined benefit plans (refer note 25)	4.68	2.21
Expenses related to compensated absences	-	3.29
Staff welfare expenses	60.97	14.60
	452.99	209.63



Rajprotim Supply Chain Solutions Limited

Notes to the financial statements for the year ended 31 March 2018
(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

9 Finance costs

	Year ended 31 March 2018	Period ended 31 March 2017
Interest on cash credit / working capital loans	115.80	14.87
	115.80	14.87

10 Depreciation and amortisation expense

	Year ended 31 March 2018	Period ended 31 March 2017
Depreciation of property, plant and equipment (refer note 13)	38.31	6.61
Amortisation of intangible assets (refer note 14)	102.95	20.90
	141.26	27.51

11 Other expenses

	Year ended 31 March 2018	Period ended 31 March 2017
Freight, delivery and shipping charges	6,236.66	1,623.12
Rent	1,019.71	506.54
Warehouse handling charges	2,747.69	748.88
Power and fuel	46.34	8.29
Rates and taxes	7.53	12.89
Insurance	-	0.46
Repairs and maintenance		-
Plant & Equipment	7.06	2.18
Others	29.82	10.13
Legal and professional charges (refer note (a) below)	92.42	10.30
Travel and Conveyance	69.08	14.42
Communication expenses	24.29	4.39
Security services	125.19	34.69
Printing and stationery	59.72	21.80
Bank charges	3.51	1.72
Miscellaneous expenses	1.10	1.63
	10,470.12	3,001.44

a. Payment to auditors *

	Year ended 31 March 2018	Period ended 31 March 2017
Statutory audit	2.75	2.50
Tax audit	0.50	0.50
Reimbursement of expenses	0.50	
	3.75	3.00

* Payment to auditors in previous year represents amounts paid to auditors other than BH & Co

b. Details of Corporate Social Responsibility expenditure

The company does not meet the threshold as specified under Sec 35 of Companies Act, 2013 and as such the requirements related to Corporate Social Responsibility is not applicable



Rajprotim Supply Chain Solutions Limited

Notes to the financial statements for the year ended 31 March 2018

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

12 Income tax

A. Amount recognised in the profit and loss

	Year ended 31 March 2018	Period ended 31 March 2017
Current tax		
Current period	256.42	67.80
Current tax for earlier period	(10.68)	
Total current tax expense	245.74	67.80
Deferred tax		
Origination and reversal of temporary difference	(3.01)	(2.74)
Total deferred tax expense / (benefit)	(3.01)	(2.74)
	242.73	65.06

B. Income tax recognised in other comprehensive income

	Year ended			Period ended		
	Before tax	Tax (expense) / benefit	Net of tax	Before tax	Tax (expense) / benefit	Net of tax
Remeasurement of defined benefit liability (asset)	0.17	(0.06)	0.11	-	-	-
	0.17	(0.06)	0.11	-	-	-

C. Reconciliation of effective tax rate

	Year ended 31 March 2018	Period ended 31 March 2017
Profit before tax	713.19	187.56
Enacted tax rates in India	33.063%	34.608%
Computed expected tax expense	235.80	64.91
Effect of exempt non-operating income	0.00%	0.00%
Changes in estimates related to prior years	0.00%	-
Effect of non-deductible expenses	0.97%	0.08%
Income tax expense	242.73	65.06



Rajprotim Supply Chain Solutions Limited

Notes to the financial statements for the year ended 31 March 2018

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

12 Income tax (contd.)

C. Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Deferred tax assets		Deferred tax liabilities		Net Deferred tax assets (liabilities)	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Property, plant and equipment	2.02	-	-	0.48	2.02	(0.48)
Intangible Assets	-	-	10.24	9.03	(10.24)	(9.03)
Provision - employee benefits	5.03	3.77	-	-	5.03	3.77
Provision - others	8.94	8.48	-	-	8.94	8.48
Net deferred tax (assets) liabilities	15.99	12.25	10.24	9.51	5.75	2.74

Movement in temporary differences:

	Balance as at 1 April 2016	Recognized in profit or loss during 2016-17	Recognized in OCI during 2016-17	Balance as at 31 March 2017	Recognized in profit or loss during 2017-18	Recognized in OCI during 2017-18	Balance as at 31 March 2018
	Property, plant and equipment	(0.48)	(0.48)	-	(0.48)	2.50	2.02
Intangible Assets	(9.03)	(9.03)	-	(9.03)	(1.21)	(10.24)	(10.24)
Provision - employee benefits	3.83	3.83	(0.06)	3.77	1.26	5.03	5.03
Provision - others	8.48	8.48	-	8.48	0.46	8.94	8.94
	2.80	(0.06)	(0.06)	2.74	3.01	-	5.75



Rajprotim Supply Chain Solutions Limited
Notes to the financial statements for the year ended 31 March 2018
(All amounts are in Indian Rupees in Lakhs, except share data and as stated)
15 Trade receivables

	As at 31 March 2018	As at 31 March 2017
Unsecured, considered good	3,213.04	1,358.07
Doubtful	-	-
Less : Loss allowance	-	-
	3,213.04	1,358.07
Current	3,213.04	1,358.07
	3,213.04	1,358.07
Of the above, trade receivables from related parties are as below:		
Total trade receivables from related parties	-	-
Less : Loss allowance	-	-
	-	-

The Company's exposure to credit and currency risks, loss allowances are disclosed in note 26

16 Cash and cash equivalents

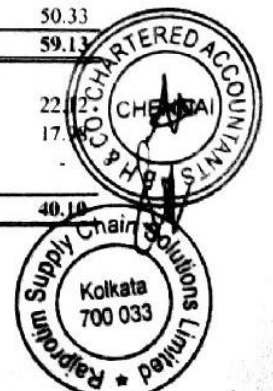
	As at 31 March 2018	As at 31 March 2017
Cash in hand	6.03	4.71
Balance with banks:		
- in current accounts	2.30	55.84
Cash and cash equivalents in balance sheet	8.33	60.55
Less: Bank overdrafts and cash credit facilities used for cash management purposes	2,050.95	323.51
Cash and cash equivalents in the statements of cash flows	(2,042.62)	(262.96)

17 Deposits and other receivables

	As at 31 March 2018	As at 31 March 2017
Non-current		
Security deposit	265.35	215.10
	265.35	215.10
Current		
Security deposit	48.33	22.15
Unbilled revenue	-	419.38
Others	-	11.44
	48.33	452.97

18 Other assets

	As at 31 March 2018	As at 31 March 2017
Non-current		
Capital advances	-	8.80
Prepayments	41.62	50.33
	41.62	59.13
Current		
Prepayments	31.36	22.12
Balances with Statutory authorities	-	17.40
Others	1,809.27	-
	1,840.63	40.10



Rajprotim Supply Chain Solutions Limited

Notes to the financial statements for the year ended 31 March 2018

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

13 Property, plant and equipment

	Plant and machinery	Office equipments	Furniture and fixtures	Computers	Vehicles	Total
Deemed cost						
Balance at 25 July 2016	-	-	-	-	-	-
Additions	23.50	12.38	16.54	14.84	-	67.26
Disposals	-	-	-	-	-	-
Balance at 31 March 2017	23.50	12.38	16.54	14.84	-	67.26
Additions	7.48	36.07	30.85	17.25	-	91.65
Disposals	-	-	-	-	-	-
Balance at 31 March 2018	30.98	48.45	47.39	32.09	-	158.91
Accumulated depreciation						
Balance at 25 July 2016	-	-	-	-	-	-
Additions	1.28	1.19	1.43	2.71	-	6.61
Disposals	-	-	-	-	-	-
Balance at 31 March 2017	1.28	1.19	1.43	2.71	-	6.61
Additions	5.86	11.73	11.33	9.39	-	38.31
Disposals	-	-	-	-	-	-
Balance at 31 March 2018	7.14	12.92	12.76	12.10	-	44.92
Carrying amount (net)						
As at 31 March 2016	-	-	-	-	-	-
As at 31 March 2017	22.22	11.19	15.11	12.13	-	60.65
As at 31 March 2018	23.84	35.53	34.63	19.99	-	113.99

14 Intangible assets

	Software	Customer contracts*	Total
Deemed cost			
Balance at 25 July 2016	-	-	-
Additions	2.52	370.55	373.07
Disposals	-	-	-
Balance at 31 March 2017	2.52	370.55	373.07
Additions	2.50	129.45	131.95
Disposals	-	-	-
Balance at 31 March 2018	5.02	500.00	505.02
Accumulated amortisation			
Balance at 25 July 2016	-	-	-
Additions	0.46	20.44	20.90
Disposals	-	-	-
Balance at 31 March 2017	0.46	20.44	20.90
Additions	2.95	100.00	102.95
Disposals	-	-	-
Balance at 31 March 2018	3.41	120.44	123.85
Carrying amount (net)			
As at 31 March 2016	-	-	-
As at 31 March 2017	2.06	350.11	352.17
As at 31 March 2018	1.61	379.56	381.17



Rajprotim Supply Chain Solutions Limited

Notes to the financial statements for the year ended 31 March 2018

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

19A Share Capital

	As at 31 March 2018	As at 31 March 2017
Authorised		
15,000,000 (31 March 2017: 10,000,000 and 25 July 2016 50,000) equity shares of Rs. 10 each	1,500.00	1,000.00
Issued, Subscribed and Paid-up		
11,166,666 (31 March 2017: Issued 9,166,666 Subscribed 8,333,333 and 25 July 2016 50,000) equity shares of Rs. 10 each fully paid up	1,116.66	833.33

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	31-Mar-18		31 March 2017	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares				
At the commencement of the period	83,33,333	833.33	50,000	5.00
Share issued for cash	28,33,333	283.33	82,83,333	828.33
At the end of the period	1,11,66,666	1,116.66	83,33,333	833.33

Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares of par value of Rs.10/- per share. Accordingly, all equity shares rank equally with regard to dividends. The equity shareholders are entitled to receive dividend as may be declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. During the year ended 31 March 2018, the Company has not declared any dividend.

Shares held by holding / ultimate holding company and / or their subsidiaries / associates and particulars of shareholder holding more than 5% shares of a class of shares

Particulars	As at 31 March 2018		As at 31 March 2017	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares of Rs. 10/- each paid up held by ProConnect Supply Chain Solutions Limited and its nominees	1,11,66,666	1,116.66	83,33,333	833.33

19B Other equity

a. Securities premium

	As at 31 March 2018	As at 31 March 2017
At the commencement of the period	466.67	-
Shares issued for cash	416.67	466.67
At the end of the period	883.34	466.67

19C Capital management

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



Rajprotim Supply Chain Solutions Limited
Notes to the financial statements for the year ended 31 March 2018
(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

20 Earnings per share

a. Basic and diluted earnings per share

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic and

(i) Profit (loss) attributable to equity shareholders (basic and diluted)

	31 March 2018	March 2017
Profit (loss) for the year, attributable to the equity holders	470.57	122.50

(ii) Weighted average number of equity shares (basic and diluted)

	31 March 2018	March 2017
Weighted average number of equity shares used as denominator in calculating basic earnings per share	97.45	31.12
Weighted average number of equity shares for the year	97.45	31.12

21 Borrowings

	Year ended 31 March 2018	Period ended 31 March 2017
Current borrowings		
<i>Loans from banks</i>		
Cash credit facilities	2,050.95	323.51
<i>Loans from related party (unsecured)</i>	-	-
	2,050.95	323.51

Information about the Company's exposure to interest rate, foreign currency and liquidity is provided in Note 26

Terms and repayment schedule

Terms and conditions of outstanding borrowings are as follows:

	Currency	Nominal interest rate	Year of maturity	Carrying amount at 31 March 2018	Carrying amount at 31 March 2017
Cash credit	INR	10.00%	2018-19	1,850.95	323.51
WCDL (Unsecured)	INR	9.00%	2018-19	200.00	-
				2,050.95	323.51

B. Secured bank loans

The cash credit facility is secured by hypothecation of book debts of the company

22 Trade payables

	Year ended 31 March 2018	Period ended 31 March 2017
Trade payables to related parties	428.29	218.49
Other trade payables	433.69	142.20
	861.98	360.69

All trades payables are 'current'

The Company's exposure to currency and liquidity risk related to trade payables is disclosed in note 26. Also, refer note 30 on MSMED

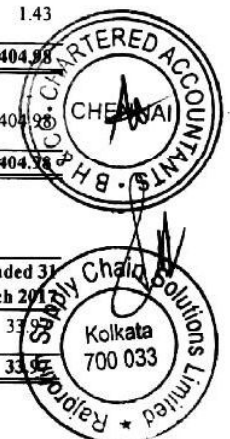
23 Other financial liabilities

	Year ended 31 March 2018	Period ended 31 March 2017
Dues to employees	49.28	33.00
Purchase consideration payable (also refer note 29)	-	370.55
Other payables	5.78	1.43
	55.06	404.98
Non current	-	-
Current	55.06	404.98
	55.06	404.98

The Company's exposure to currency and liquidity risk related to above financial liabilities is disclosed in note 26

24 Other current liabilities

	Year ended 31 March 2018	Period ended 31 March 2017
Statutory dues	287.79	33.40
	287.79	33.40



Rajprotim Supply Chain Solutions Limited
Notes to the financial statements for the year ended 31 March 2018
(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

25 Provisions

	Non current		Current	
	Year ended 31 March 2018	Period ended 31 March 2017	Year ended 31 March 2018	Period ended 31 March 2017
Provision for employee benefit				
Liability for gratuity	6.79	2.21	0.02	-
Liability for compensated absences	-	3.14		0.15
	6.79	5.35	0.02	0.15

For details about the related employee benefit expenses, see Note 8

The Company operates the following post-employment defined benefit plans:

The Company has a defined benefit gratuity plan in India (the Plan), governed by the Payment of Gratuity Act, 1972. The Plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee at the time of retirement, death or termination of employment. Liabilities for the same are determined through an actuarial valuation as at the reporting dates using the "projected unit cost method".

These defined benefit plans expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

A. Funding

The plan is not funded by the company

B. Reconciliation of the net defined benefit (asset)/ liability

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

Reconciliation of present value of defined benefit obligation

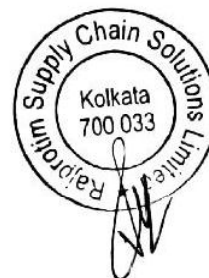
	Year ended 31 March 2018	Period ended 31 March 2017
Balance at the beginning of the year	2.30	
Benefits paid		
Current service cost	4.50	2.30
Interest cost	0.18	
Actuarial (gains) losses recognised in other comprehensive income		
- changes in demographic assumptions		
- changes in financial assumptions		
- experience adjustments	(0.17)	
Balance at the end of the year	6.81	2.30

C. Expense/ (income) recognised in the statement of profit or loss

	Year ended 31 March 2018	Period ended 31 March 2017
Current service cost	4.50	2.30
Interest cost	0.18	-
	4.68	2.30

Remeasurements recognised in other comprehensive income

	Year ended 31 March 2018	Period ended 31 March 2017
Actuarial gain on defined benefit obligations	(0.17)	-
	(0.17)	-



25 Provisions (contd.)**D. Defined benefit obligation****i. Actuarial assumptions**

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

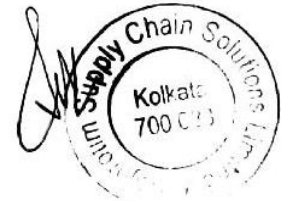
	Year ended 31 March 2018	Period ended 31 March 2017
Discount rate	7.75%	7.50%
Future salary growth	5%	5%
Attrition rate	5%	5%

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:

	Year ended 31 March 2018		Period ended 31 March 2017	
	Increase in %	Decrease in %	Increase in %	Decrease in %
Discount rate (1% movement)	(0.11)	0.13	(0.40)	0.50
Future salary growth (1% movement)	0.13	(0.11)	0.50	(0.41)
Attrition rate (1% movement)	-	-	0.12	(0.13)

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



Rajprotim Supply Chain Solutions Limited
Notes to the financial statements for the year ended 31 March 2018
(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

26 Financial instruments - Fair values and risk management

A. Accounting classification and fair values

	Note	31 March 2018			31 March 2017		
		FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets not measured at fair value							
Trade receivables	15	-	-	3,213.04	-	-	1,358.07
Cash and cash equivalents	16	-	-	8.33	-	-	60.55
Unbilled Revenue		-	-	-	-	-	419.38
Deposits and other receivables	17	-	-	313.68	-	-	237.25
Other financial assets	17	-	-	-	-	-	11.44
Total financial assets		-	-	3,535.05	-	-	2,086.69
Financial liabilities not measured at fair value							
Trade payables	22	-	-	861.98	-	-	360.69
Borrowings	21	-	-	2,050.95	-	-	323.51
Other financial liabilities	23	-	-	55.06	-	-	404.98
Total financial liabilities		-	-	2,967.99	-	-	1,089.18

Note: The Company has not disclosed fair values of financial instruments such as trade receivables, cash and bank balances, loans, deposits and other receivables, trade payables, borrowings because their carrying amounts are reasonable approximations of their fair values.

B. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the standalone financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels as Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within 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).

(a) Financial assets and liabilities measured at amortised cost

The financial instruments that have been measured at amortised costs are fair valued using Level 2 hierarchy. The Company has not disclosed the fair values for certain financial instruments measured at amortised costs as such as trade receivables and payables and other items (refer note 33A), because

	31 March 2018			31 March 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at fair value						
Security deposits	-	-	313.68	-	-	237.25
	-	-	313.68	-	-	237.25



Rajprotim Supply Chain Solutions Limited
Notes to the financial statements for the year ended 31 March 2018
(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

26 Financial Instruments - Fair values and risk management (contd.)

C. Financial risk management

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

- credit risk;
- liquidity risk; and
- market risk

i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors along with the top management are responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set 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.

ii. Credit risk

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

The carrying amounts of financial assets represent the maximum credit risk exposure.

Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of the Company's trade receivables, certain loans and advances and other financial assets.

The maximum exposure to credit risk for trade and other receivables are as follows:

	Carrying amount	
	As at 31 March 2018	As at 31 March 2017
Trade receivables	3,213.04	1,358.07
Unbilled revenue	-	419.38
Total trade and other receivables	3,213.04	1,777.45
Cash and bank balances	8.33	60.55
Deposits and other receivables (excluding unbilled revenue)	313.68	237.25
Others		11.44
Total	3,535.05	2,086.69

Trade and other receivables

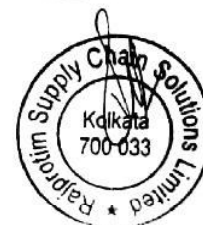
The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Given that the macro economic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of minimal credit losses to continue. Further, management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full except to the extent already provided, based on historical payment behavior and extensive analysis of customer credit risk. The impairment loss at the reporting dates related to several customers that have defaulted on their payments to the Company and are not expected to be able to pay their outstanding balances, mainly due to economic circumstances.

The Company determines credit risk based on a variety of factors including but not limited to the age of the receivables, cash flow projections and available press information about customers. In order to calculate the loss allowance, loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency through write-off. Roll rates are calculated separately for exposures in different stages of delinquency primarily determined based on the time period for which they are past due.

Receivables from customers that individually constituted more than 10% of the Company's receivables are as follows:

	As at 31 March 2018	As at 31 March 2017
Customer A	637.45	370.71
Customer B	501.88	
	1,139.33	370.71



Rajprotim Supply Chain Solutions Limited
Notes to the financial statements for the year ended 31 March 2018
(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

26 Financial instruments - Fair values and risk management (contd.)

C. Financial risk management (Contd.)

ii. Credit risk (Contd.)

The ageing of trade receivables that were not impaired as at the reporting date was:

	As at 31 March 2018	As at 31 March 2017
Not due	1,611.40	1286.84
Past due 1-30 days	800.82	223.20
Past due 30-90 days	324.78	180.82
Past due 90-180 days	476.03	86.59
Total	3213.03	1777.45

Movements in the allowance for impairment in respect of trade receivables and loans

The movement in the allowance for impairment in respect of trade receivables and loans is as follows:

	31 March 2018	31 March 2017
Balances at 1 April	-	-
Provision for the year	-	-
Balance at 31 March	-	-

Cash and bank balances (includes amounts classified under other bank balances and deposits and other receivables)

The Company holds cash and bank balances of INR 8.33 lakhs at 31 March 2018 (31 March 2017: INR 389.58 lakhs). The credit worthiness of such banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good.

Security deposits

This balance is primarily constituted by deposit given in relation to leasehold premises occupied by the Company for carrying out its operations. The Company does not expect any losses from non-performance by these counter-parties.

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

Exposure to liquidity risk

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

	Carrying amount	Total	Contractual cash flows			
			6 months or less	6-12 months	1-2 years	2-5 years
31 March 2018						
Non derivative financial liabilities						
Secured loans:						
- Cash credit facilities	2,050.95	2,050.95	2,050.95	-	-	-
Trade payables	861.98	861.98	861.98	-	-	-
Other financial liabilities	55.06	55.06	55.06	-	-	-
	2,967.99	2,967.99	2,967.99	-	-	-



Rajprotim Supply Chain Solutions Limited
Notes to the financial statements for the year ended 31 March 2018
(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

26 Financial instruments - Fair values and risk management (contd.)

C. Financial risk management (contd.)

	Carrying amount	Total	Contractual cash flows				
			6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
31 March 2017							
Non derivative financial liabilities							
Secured loans:							
- Cash credit facilities	323.51	323.51	323.51	-	-	-	-
Trade payables	360.69	360.69	360.69	-	-	-	-
Other financial liabilities	404.98	404.98	404.98	-	-	-	-
	1,089.18	1,089.18	1,089.18	-	-	-	-

iv. Market risk

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

Interest rate risk

The Company has only one type of variable rate instrument i.e. cash credit facility being used for cash management purposes. Company's exposure to variable rate instruments is insignificant.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments is as follows:

Variable-rate instruments

	31 March 2018	31 March 2017
Financial liabilities- Secured loan	(2,050.95)	(323.51)
	(2,050.95)	(323.51)

Cash flow sensitivity analysis for variable rate instruments

A reasonable possible change of 100 basic points in interest rates at the reporting date would have increased (decreased) equity and profit or loss.

27 Operating leases

A. Leases as lessee

The Company has taken on lease a number of offices and warehouse facilities under cancellable operating leases. The leases are for varied periods, which are renewable at the option of the Company.

i. Future Minimum lease payments

	Year ended 31 March 2018	Year ended 31 March 2017
Payable in less than one year	447.12	370.08
Payable between one and five years	1,031.51	324.21
More than five years	51.36	-
Total	1,529.99	694.29

28 Capital commitments and contingent liabilities

	As at March 31 2018	As at March 31 2017
Estimated amount of contracts remaining to be executed on capital	209.50	-



Rajprotim Supply Chain Solutions Limited
Notes to the financial statements for the year ended 31 March 2018
(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

29 A. Related parties

(i) Names of related parties and description of relationship

Nature of Relationship	Name of the Party
Ultimate Holding company	Redington (India) Ltd.
Holding company	ProConnect Supply Chain Solutions Ltd.
Key Managerial Personnel	Mr. Partha Protim Banarjee, Managing Director Mr. Anirban Roy, Chief finance officer Mr. Vigneshkumar S.M, Company Secretary
Entity Controlled by MD	Rajprotim Agencies Private Ltd. Rajprotim Logistics Private Ltd.

B. Transaction with key managerial personnel

Key management personnel of the Company comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel compensation during the year are as follows:

	For the year ended 31 March 2018	For the year ended 31 March 2017
Short term employee benefits	3.30	-
Post-employment defined benefits	*	-
Compensated absences	*	-
Total	3.30	-

Compensation of the Company's key managerial personnel includes salaries, non-cash benefits and contributions to post-employment defined benefit plan (see Note 8).

* Amount attributable to post employment benefits and compensated absences have not been disclosed as the same cannot be identified distinctly in the actuarial valuation.

C. Related party transactions other than those with key managerial personnel

	Transaction value		Balance outstanding	
	For the year ended 31 March 2018	For the year ended 31 March 2017	As at 31 March 2018	As at 31 March 2017
Issue Shares including Securities premium				
Holding Company	532.00	988.00		
Managing Director	168.00	312.00		
Services Received				
Freight, Warehouse rent & Handling Charges etc Rajprotim Agencies Private Ltd.	8,182.03	2,048.02	428.29	218.49
Rental Expenses				
Holding company	29.76	19.12		
Other Expenses (including Reimbursements)				
Rajprotim Agencies Private Ltd.	46.53	8.99	-	-
Rajprotim Logistics Private Ltd.	0.04	-	-	-
Holding company		225.24		
Other Receivables				
Rajprotim Agencies Private Ltd.			(1,686)	



Rajprotim Supply Chain Solutions Limited
Notes to the financial statements for the year ended 31 March 2018
(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

30 Due to micro, small and medium enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) which came into force from October 02, 2006, certain disclosures are required to be made relating to dues to micro, small and medium enterprises (MSME). On the basis of the information and records available with the management, none of the Company's suppliers are covered under the MSMED and accordingly, disclosure of information relating to principal, interest accruals and payments are not applicable.

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
(a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;	-	-
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(c) 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 Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

31 Transfer pricing

The Company has entered into transactions with certain related parties during the period under audit. The management believes that all such transactions are in compliance with the provisions of Income-tax Act, 1961 and also confirms that it maintains documentation as prescribed, to prove that the transactions are at arm's length. Further, management also believes the aforesaid legislation will not have any impact on the standalone financial statements, particularly on the amount of tax expense and that of provision for taxation.

32 Acquisition of customer contracts from Rajprotim Agencies Private Limited ('RAPAL')

The Company entered into a Business Transfer and Share Subscription Agreement ('BTSSA') on 21 December 2016 with RAPAL and Mr. Partha Pratim Banerjee ('PPB') to acquire a set of identified 53 customer contracts from RAPAL for a fixed purchase consideration of Rs. 500 lakhs. Pursuant to such agreement RAPAL has transferred 38 contracts to the Company till 31 March 2017. The company has accounted for the transfer of the aforesaid customer contracts as acquisition of intangible assets and consequently capitalised a sum of 370.55 lakhs (refer note 14) with a corresponding liability for the same amount (refer note 23). These customer contracts will be amortised over a period of 5 years which represents the estimated useful life of the period over which the contracts are expected to provide economic benefits to the Company. The amount capitalised represents the proportionate value of the consideration payable for the contracts transferred to the Company as at 31 March 2017. Under the terms of the contract the purchase consideration is payable to RAPAL within a period of 90 days from the date of the transfer of the last identified customer contract. During the year the company received the balance contracts and discharged the purchase consideration of Rs 500 Lakhs to RAPAL.

33 There are no subsequent events that have occurred after the reporting period till the date of approval of these standalone financial statements.

for **BH & CO**
 Chartered Accountants
 ICAI Firm Registration No.013397S

Hitesh.B
 Partner
 Membership No. 222580

Place: Chennai
 Date: 14 May 2019

for and on behalf of the Board of Directors of
Rajprotim Supply Chain Solutions Limited

Partha Pratim Banerjee
 Managing Director
 DIN 00609961

Kasi Viswanathan.P.S
 Director
 DIN 07562333

Place: New Delhi
 Date: 14 May 2018

Vignesh Kumar.S.M
 Company Secretary

Anirban Roy
 Chief Financial Officer

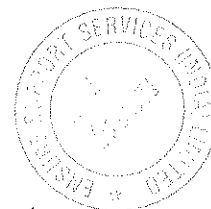
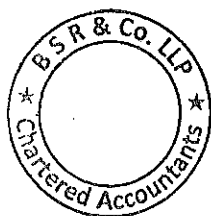


ENSURE SUPPORT SERVICES (INDIA) LIMITED

Balance Sheet as at 31 March 2018

(All amounts are in Indian Rupees in crores, except share data and as stated)

	Note	As at 31 March 2018	As at 31 March 2017
Assets			
Non-current assets			
Property, plant and equipment	14	4.00	3.63
Intangible assets	15	0.16	0.17
Financial assets			
Investments	16	-	-
Deposits and other receivables	21	2.19	2.44
Deferred tax assets	13	2.10	2.58
Income tax assets, net		1.33	0.82
Other non-current assets	22	0.29	0.32
Total non-current assets		10.07	9.96
Current assets			
Inventories	18	3.19	2.26
Financial assets			
Investments	16	3.52	4.77
Trade receivables	17	38.05	30.21
Cash and cash equivalents	19	4.40	4.60
Other bank balances	20	0.18	0.16
Deposits and other receivables	21	5.53	8.99
Other current assets	22	2.11	4.81
Total current assets		56.98	55.80
Total assets		67.05	65.76
Equity and liabilities			
Equity			
Equity share capital	23	4.50	4.50
Other equity		0.12	-
Other reserves		19.30	14.73
Retained earnings		0.09	0.28
Others (including items of other comprehensive income)			
Total equity		24.01	19.51
Liabilities			
Non-current liabilities			
Provisions	30	2.83	2.76
Total non-current liabilities		2.83	2.76



S. V. A.

ENSURE SUPPORT SERVICES (INDIA) LIMITED

Balance Sheet as at 31 March 2018

(All amounts are in Indian Rupees in crores, except share data and as stated)

	Note	As at 31 March 2018	As at 31 March 2017
Current liabilities			
Financial liabilities			
Borrowings	25	-	2.50
Trade payables	27	22.00	21.18
Other financial liabilities	28	10.53	11.40
Deferred income	26	4.04	3.99
Provisions	30	0.41	0.17
Income tax liabilities, net		-	0.26
Other current liabilities	29	3.23	3.99
Total current liabilities		40.21	43.49
Total liabilities		43.04	46.25
Total equity and liabilities		67.05	65.76

Significant accounting policies

3

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

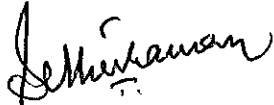
As per our report of even date attached

for BSR & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

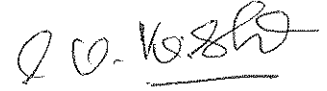
for and on behalf of the board of directors of
Ensure Support Services (India) Limited



S Sethuraman
Partner
Membership No. 203491



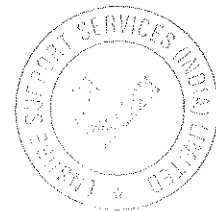
S V Rao
Director
DIN 06600739



S V Krishnan
Director
DIN 07518349

Place: Chennai
Date : 18 May 2018

Place: Chennai
Date : 18 May 2018



ENSURE SUPPORT SERVICES (INDIA) LIMITED

Statement of Profit and Loss for the year ended 31 March 2018

(All amounts are in Indian Rupees in crores, except share data and as stated)

	Note	Year ended 31 March 2018	Year ended 31 March 2017
Revenue			
Revenue from operations	6	118.15	123.57
Other Income	7	4.71	1.74
Total income		122.86	125.31
Expenses			
Cost of spares consumed	8	37.21	32.06
Employee benefit expense	9	28.46	28.06
Finance costs	10	0.34	0.31
Depreciation and amortisation expense	11	1.74	2.03
Other expenses	12	44.28	52.13
Total expenses		112.03	114.59
Profit before income tax		10.83	10.72
Income tax	13		
Current tax		3.78	3.78
Deferred tax/ (benefit)		0.58	(0.26)
Income tax expense		4.36	3.52
Profit for the year		6.47	7.20
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurements of the defined benefit asset / (liability)		(0.29)	(0.01)
Income tax expense / (benefit) relating to items that will not be reclassified to profit or loss		(0.10)	-
Other comprehensive income for the year, net of income tax		(0.19)	(0.01)
Total comprehensive income for the year		6.28	7.19
Earnings per share			
Basic earnings per share (in INR)	24	14.38	16.00
Diluted earnings per share (in INR)	24	14.38	16.00
Significant accounting policies	3		

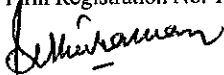
The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for BSR & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

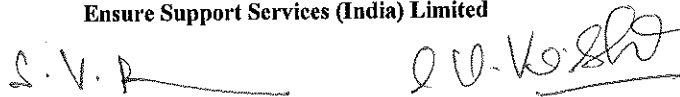


S Sethuraman

Partner

Membership No. 203491

for and on behalf of the board of directors of
Ensure Support Services (India) Limited



S V Rao

Director

DIN 06600739

S V Krishnan

Director

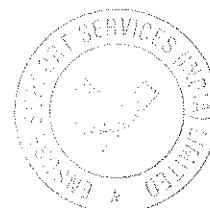
DIN 07518349

Place: Chennai

Date : 18 May 2018

Place: Chennai

Date : 18 May 2018



ENSURE SUPPORT SERVICES (INDIA) LIMITED

Statement of Cash Flows for the year ended 31 March 2018

(All amounts are in Indian Rupees in crores, except share data and as stated)

Note	Year ended 31 March 2018	Year ended 31 March 2017
Cash flows from operating activities		
Profit for the year	10.83	10.72
Adjustments for:		
Depreciation and amortisation	1.74	2.03
Impairment loss on financial assets	2.65	0.44
Liabilities no longer required written back	(4.09)	(0.36)
Loss / (gain) on sale of property, plant and equipment	0.07	0.16
Change in fair value of investment	(0.02)	(0.08)
Gain on sale of investments (net)	(0.27)	(0.19)
Stock compensation expense	0.12	-
Finance costs	0.34	0.31
Interest income	(0.24)	(0.52)
	11.13	12.51
Working capital adjustments:		
(Increase)/ decrease in inventories	(0.93)	2.19
(Increase) decrease in trade receivables	(10.49)	(2.41)
Decrease/ (increase) in deposit and other receivables and other current / non current assets	6.65	6.10
(Decrease)/ increase in other current and financial liabilities, current / non current provisions	3.11	(8.62)
(Decrease)/ increase in deferred income	0.05	(3.73)
	9.52	6.04
Cash generated from operating activities	(4.55)	(3.52)
Income tax paid (net)	4.97	2.52
Net cash generated from / (used in) operating activities (A)	4.97	2.52
Cash flow from investing activities		
Interest received	0.03	0.27
Proceeds from sale of property, plant and equipment	0.29	0.31
Acquisition of property, plant and equipment	(2.46)	(2.51)
Net increase in other bank balances	(0.02)	(0.07)
Proceeds from sale of investment	114.73	13.70
Purchase of investment	(113.19)	(18.20)
Net cash generated from / (used in) investing activities (B)	(0.62)	(6.50)
Cash flow from financing activities		
Interest paid	(0.15)	(0.27)
Dividends paid including dividend distribution tax	(1.90)	-
Proceeds from borrowings	4.00	2.50
Repayment of borrowings	(6.50)	(5.00)
Net cash generated from / (used in) financing activities (C)	(4.55)	(2.77)
Net decrease in cash and cash equivalents (A+B+C)	(0.20)	(6.75)
Cash and cash equivalents at 1 April	19 4.60	11.35
Cash and cash equivalents at 31 March (refer note below)	19 4.40	4.60

Significant accounting policies

3

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

As per our report of even date attached
for B S R & Co, LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

S. V. A
S Sethuraman
Partner
Membership No. 203491

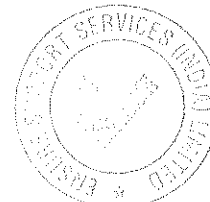
for and on behalf of the board of directors of
Ensure Support Services (India) Limited

S. V. A
S V Rao
Director
DIN 06600739

S. V. Krishna
S V Krishnan
Director
DIN 07518349

Place: Chennai
Date : 18 May 2018

Place: Chennai
Date : 18 May 2018



ENSURE SUPPORT SERVICES (INDIA) LIMITED

Statement of Changes in Equity for the year ended 31 March 2018

(All amounts are in Indian Rupees in crores, except share data and as stated)

(a) Equity share capital

Particulars	No. of shares	Amount
Equity shares of Rs. 10 each issued, subscribed and fully paid		
Balance as at 1 April 2016	4,500,000	4.50
Changes in equity share capital during the year	-	-
Balance as at 31 March 2017	4,500,000	4.50
Changes in equity share capital during the year	-	-
Balance as at 31 March 2018	4,500,000	4.50

(b) Other equity

Particulars	Other reserves (Refer note 23B)	Retained earnings	Items of OCI comprising of actuarial gain/(loss) on defined benefit obligations	Total equity
Balance as at 1 April 2016	-	7.53	0.29	7.82
Profit for the year	-	7.20	-	7.20
Other comprehensive income/(loss) for the year (net of tax)	-	-	(0.01)	(0.01)
Balance as at 31 March 2017	-	14.73	0.28	15.01
Total comprehensive income for the year ended 31 March 2018				
Profit for the year	-	6.47	-	6.47
Other comprehensive income/(loss) for the year (net of tax)	-	-	(0.19)	(0.19)
Total comprehensive income	-	6.47	(0.19)	6.28
Contributions by and distribution to owners				
Dividends paid	-	(1.58)	-	(1.58)
Dividend distribution tax	-	(0.32)	-	(0.32)
Stock compensation expense	0.12	-	-	0.12
Total contributions by and distribution to owners	0.12	(1.90)	-	(1.78)
Balance as at 31 March 2018	0.12	19.30	0.09	19.51

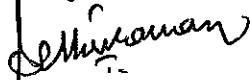
The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for BSR & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022



S Sethuraman

Partner

Membership No. 203491

for and on behalf of the board of directors of
Ensure Support Services (India) Limited

S V Rao
Director
DIN 06600739

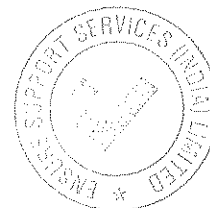
S V Krishnan
Director
DIN 07518349

Place: Chennai

Date : 18 May 2018

Place: Chennai

Date : 18 May 2018



ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

1 Background

Ensure Support Services (India) Limited ('Ensure' / 'Company') was incorporated on June 27, 2013. The Company is a wholly owned subsidiary of Redington (India) Limited ('Redington'). The Company is engaged in the business of providing warranty and post warranty services, annual maintenance contract services, on-site support services and other related services.

2 Basis of preparation

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

These financial statements were authorised for issue by the Company's Board of Directors on 18 May 2018.

Details of the Company's accounting policies are included in Note 3.

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 crores, unless otherwise stated.

2.3 Basis of measurement

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

Items	Measurement basis
- Certain financial assets and liabilities	Fair value
- Net defined benefit liability	Present value of defined benefit obligations

2.4 Use of estimates and judgments

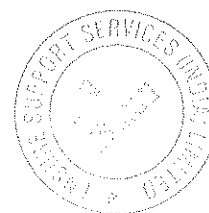
In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

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

- Note 30 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 31 – impairment of financial assets.



S. V. P.

ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

2 Basis of preparation (contd.)

2.5 Measurement of fair values

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

The Company has an established framework with respect to the measurement of fair values. The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information, is used to measure fair values, then the Company 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 valuations should be classified.

Fair values are categorised 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 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 asset or liability that are not based on observable market data (unobservable inputs).

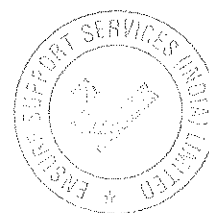
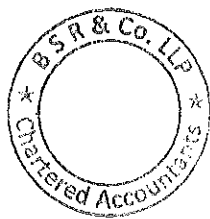
When measuring the fair values of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its 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 transfer between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 31 – financial instruments

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S. V. P. _____

ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

3 Significant accounting policies

3.1 Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company, at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss.

3.2 Financial instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued 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.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets

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

- amortised cost;
- 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.

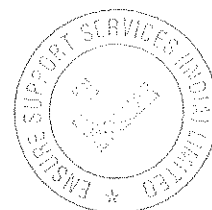
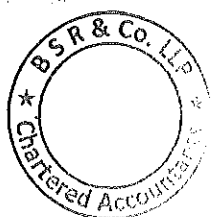
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets 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.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	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 are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.



S. V. P

ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

3 Significant accounting policies (contd.)

3.2 Financial instruments (contd.)

ii. Classification and subsequent measurement (contd.)

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 as 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 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

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

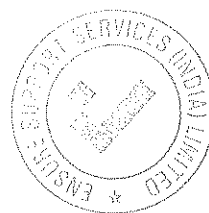
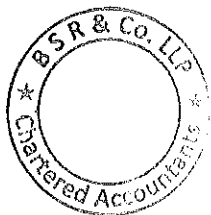
Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

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.



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ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

3 Significant accounting policies (contd.)

3.3 Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost 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 and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

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

ii. 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.

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is generally recognised in the statement of profit and loss.

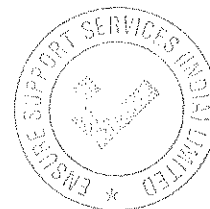
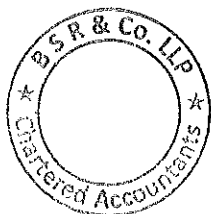
The estimated useful lives (in years) for the current and comparative periods are as follows:

Asset	Management estimate of useful life
Plant and Machinery	5 years
Computer and accessories	3 years
Furniture and office equipments	4 years
Vehicles	5 years

Depreciation method, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided from the month of additions (upto) the date on which asset is ready for use (disposed of).

Individual fixed assets whose cost does not exceed Rs. 5,000/- are fully depreciated in the year of acquisition.



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ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

3 Significant accounting policies (contd.)

3.4 Intangible assets

i. Intangible assets

Intangible assets acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

The estimated useful lives are as follows:

Asset	Useful life
Software	3 years

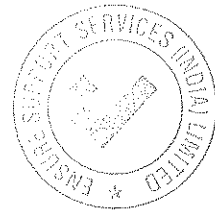
Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

3.5 Inventories

Inventories are measured at the lower of cost and net realisable value. Costs of inventory is determined using the weighted average method and cost of inventories comprise all cost of purchase and other cost incurred in bringing the inventories to the present location and condition, net of discounts.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses

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ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

3 Significant accounting policies (contd.)

3.6 Impairment

i. Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on:

- financial assets measured at amortised cost

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit - impaired. A financial asset is 'credit - impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit - impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the counter party will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12 month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward - looking information.

The Company considers a financial asset to be in default when:

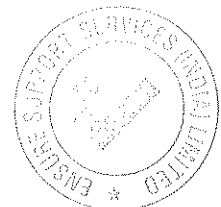
- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.



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ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

3 Significant accounting policies (contd.)

3.6 Impairment (contd.)

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

ii. Impairment of non-financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

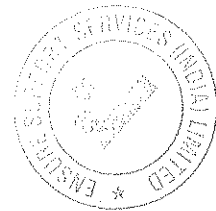
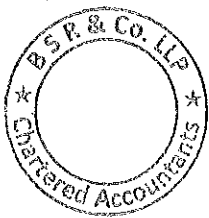
The Company's corporate assets do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

3.7 Employee benefits

i. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term 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.



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ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

3 Significant accounting policies (contd.)

3.7 Employee benefits (contd.)

ii. Share-based payment

Equity-settled share-based payments are measured at the fair value of the equity instruments at the grant date, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards.

The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

iii. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme and Employees State Insurance Scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

iv. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss under finance costs and employee benefit expenses respectively.

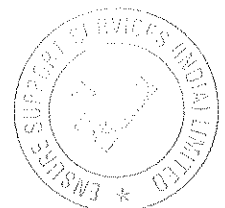
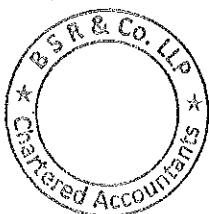
When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

v. Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

3.8 Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.



S. V. P

ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

3 Significant accounting policies (contd.)

3.9 Revenue recognition

Revenue from rendering of services is recognised as and when services are rendered and in accordance with the terms of agreement with the customers. Revenue from maintenance contract is considered on annuity basis proportionately over the period of the contract. Unbilled revenue represents services rendered and revenue is recognised on contracts to be billed in subsequent periods as per the terms of the related contract.

Revenue is recognised when no significant uncertainty exists regarding the collection of the consideration. The amount recognised as revenue is exclusive of sales tax, value added tax and service tax and net of returns.

3.10 Leases

i. Assets held under leases

Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Company's Balance Sheet.

ii. Lease payments

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.11 Recognition of dividend income, interest income or expense

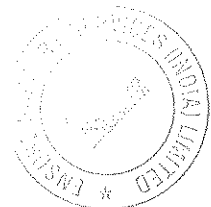
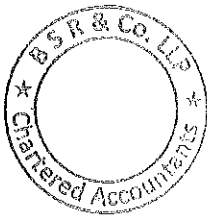
Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.



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ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

3 Significant accounting policies (contd.)

3.12 Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. 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 and settle the liability on a net basis or simultaneously.

ii. 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, if any. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse.
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets 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 from 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 tax 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.

3.13 Cash and cash equivalents

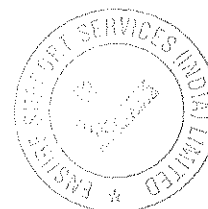
Cash and cash equivalent comprise of cash on hand and at banks including short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. Other bank deposits which are not in the nature of cash and cash equivalents with a maturity period of more than three months are classified as other bank balances.

3.14 Cashflows

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated. Cash flows in foreign currencies are accounted at average monthly exchange rates that approximate the actual rates of exchange prevailing at the dates of the transactions.

3.15 Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.



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ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

4 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after 1 April 2018:

Ind AS 115 Revenue from Contracts with Customers

Ind AS 21 The effect of changes in Foreign Exchange rates

Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue and Ind AS 11 Construction Contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

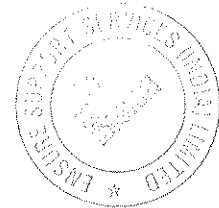
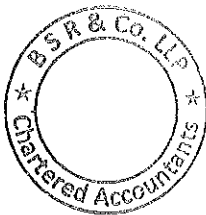
- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Ensure Support Services India Limited is evaluating the impact of Ind AS 115 on its financial statements.

Ind AS 21 – The effect of changes in Foreign Exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. Ensure Support Services India Limited is evaluating the impact of this amendment on its financial statements.



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ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

5 Operating segments

The Company is engaged in only one business namely providing warranty, post warranty and maintenance contract services. The entity's chief operating decision maker considers the Company as a whole to make decisions about resources to be allocated to the segment and assess its performance. Accordingly, the Company does not have multiple segments and these financial statements are reflective of the information required by Ind AS 108.

A. Geographic information :

The geographic information analyses the Company's revenue by the Company's country of domicile and other countries. In presenting the geographical information, revenue has been determined based on the geographic location of the customers.

	Year ended 31 March 2018	Year ended 31 March 2017
India	111.47	103.18
Hongkong	3.49	6.18
USA	1.30	13.06
Rest of the world	1.89	1.15
	118.15	123.57

The Company's operations are entirely carried out of India and as such all its non-current assets are located in India.

B. Major Customers

Revenue from customers that individually constituted more than 10% of the Company's revenue are as follows:

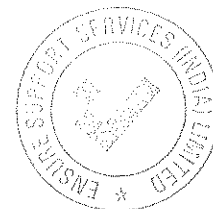
	Year ended 31 March 2018	Year ended 31 March 2017
Customer A	-	15.32
Customer B	-	12.89

6 Revenue from operations

	Year ended 31 March 2018	Year ended 31 March 2017
<i>Sale of spares</i>	-	0.23
<i>Rendering of services</i>		
Warranty services	27.78	49.24
Annual maintenance contracts	75.86	61.69
Others	13.54	11.38
<i>Other operating revenue</i>		
Scrap sales	0.97	1.03
	118.15	123.57

7 Other income

	Year ended 31 March 2018	Year ended 31 March 2017
Interest income on		
Cash and cash equivalents	0.03	0.27
Security deposit at amortised cost	0.21	0.25
Gain on sale of investments (net)	0.27	0.19
Net change in fair value of financial assets at FVTPL	0.02	0.08
Bad debts written off recovered	0.09	-
Insurance claim received	-	0.59
Liabilities no longer required written back	4.09	0.36
	4.71	1.74



S. V. D.

ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

8 Cost of spares consumed

	Year ended 31 March 2018	Year ended 31 March 2017
Spares at the beginning of the year	2.26	4.45
Add: Purchases	38.14	29.87
Less: Spares at the end of the year	(3.19)	(2.26)
Cost of spares consumed during the year	37.21	32.06

9 Employee benefit expense

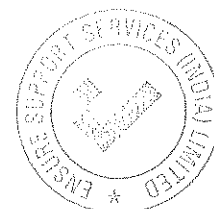
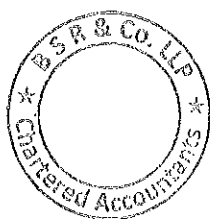
	Year ended 31 March 2018	Year ended 31 March 2017
Salaries, wages and bonus	24.74	24.34
Contribution to provident and other funds	2.25	2.15
Expenses related to post-employment defined benefit plans	0.40	0.41
Expenses related to compensated absences	0.18	0.23
Staff welfare expenses	0.77	0.93
Stock compensation expense (refer note 39)	0.12	-
	28.46	28.06

10 Finance costs

	Year ended 31 March 2018	Year ended 31 March 2017
Interest on working capital loan	-	0.05
Interest on cash credit facilities	0.02	0.02
Interest on loan from holding company	0.13	0.04
Others	0.19	0.20
	0.34	0.31

11 Depreciation and amortisation expense

	Year ended 31 March 2018	Year ended 31 March 2017
Depreciation of property, plant and equipment (refer note 14)	1.67	1.83
Amortisation of intangible assets (refer note 15)	0.07	0.20
	1.74	2.03



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ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

12 Other expenses

	Year ended 31 March 2018	Year ended 31 March 2017
Outsourced manpower cost	17.91	21.13
Rent	6.64	7.13
Freight and packing charges	4.43	5.66
Warranty charges paid to partners	1.08	5.17
Utilities	1.16	1.46
Repairs and maintenance:		
Buildings	0.37	0.39
Plant and machinery	0.16	0.09
Other assets	1.91	1.55
Traveling and conveyance	2.86	2.72
Security charges	1.27	1.54
Printing and stationery	0.35	0.52
Communication expenses	1.33	1.42
Rates and taxes	0.26	0.83
Legal and professional charges	0.37	0.49
Insurance	0.57	0.44
Bank charges	0.05	0.07
Payment to auditors (see note (i) below)	0.10	0.08
CSR expenditure (see note (ii) below)	0.17	0.09
Net loss on foreign currency transactions	-	0.07
Net loss on sale of property, plant and equipment	0.07	0.16
Advertising and sales promotion	0.03	0.23
Impairment loss on financial assets	2.65	0.44
(Includes bad debts written off - INR 2.52 (31 March 2017: Nil))		
Miscellaneous expenses	0.54	0.45
	44.28	52.13

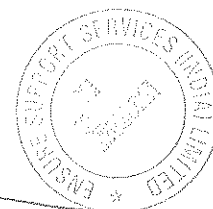
i. Payment to auditors

	Year ended 31 March 2018	Year ended 31 March 2017
As auditor:		
Statutory audit	0.07	0.05
Tax audit	0.01	0.01
For other services	0.02	0.03
Reimbursement of expenses	-	-
	0.10	0.09

ii. Details of corporate social responsibility expenditure

As per section 135 of the Companies Act, 2013, a Company, meeting the applicable threshold, needs to spend atleast 2% of its average net profits for the immediately preceding three financial years on CSR activities. The details relating to the same are as follows:

	Year ended 31 March 2018	Year ended 31 March 2017
(a) Amount required to be spent by the Company during the year	0.17	0.09
(b) Amount spent during the year		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	0.17	0.09



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ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

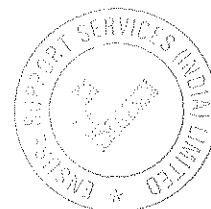
13 Income tax

A. Amounts recognized in profit or loss

	Year ended 31 March 2018	Year ended 31 March 2017
Current tax		
Current tax on profits for the year	3.78	3.78
Total current tax expense	3.78	3.78
Deferred tax		
Attributable to origination and reversal of temporary differences	0.58	(0.26)
Total deferred tax expense / (benefit)	0.58	(0.26)
Income tax expense	4.36	3.52

B. Reconciliation of effective tax rate

	Year ended 31 March 2018		Year ended 31 March 2017	
Profit before income tax expense		10.83		10.72
Tax using the Company's domestic tax rate	34.61%	3.75	34.61%	3.71
Effect of:				
Impact of change in tax rates	3.88%	0.42	-1.12%	(0.12)
Others	1.75%	0.19	-0.65%	(0.07)
Effective tax rate / tax expense	40.24%	4.36	32.84%	3.52



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ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018
(All amounts are in Indian rupees in crores, except share data and as stated)

13 Income tax (contd.)

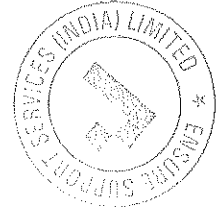
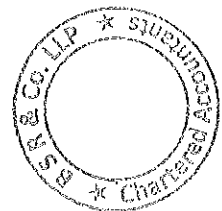
C. Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Deferred tax (assets)		Deferred tax liabilities		Net Deferred tax (assets) liabilities	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Property, plant and equipment	0.20	0.24	-	-	0.20	0.24
Trade receivables	1.01	1.15	-	-	1.01	1.15
Provisions - employee benefits	0.91	1.18	-	-	0.91	1.18
Other items	(0.02)	0.01	-	-	(0.02)	0.01
Net deferred tax (assets) liabilities	2.10	2.58	-	-	2.10	2.58

Movement in temporary differences:

	Balance as at		Recognized in profit		Recognized in		Balance as at	
	31 March 2017	2017-18	or loss during	OCI	2017-18	31 March 2018		
Property, plant and equipment	0.24	(0.04)	(0.04)	-	-	0.20		
Trade receivables	1.15	(0.14)	(0.14)	-	-	1.01		
Provisions - employee benefits	1.18	(0.37)	(0.37)	0.10	0.10	0.91		
Other items	0.01	(0.03)	(0.03)	-	-	(0.02)		
	2.58	(0.58)	(0.58)	0.10	0.10	2.10		



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ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

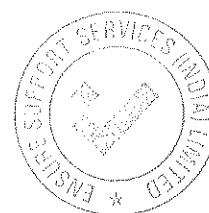
14 Property, plant and equipment

Following are the changes in the carrying value of property, plant and equipment for the year ended 31 March 2018:

	Plant and machinery	Office equipments	Computer	Furnitures and fixtures	Vehicles	Total
Deemed cost / Cost (Gross carrying amount)						
Balance at 1 April 2016	0.88	0.35	2.28	1.67	0.32	5.50
Additions	0.19	0.51	0.98	0.25	0.40	2.33
Disposals / write-off	(0.17)	(0.07)	(0.39)	(0.33)	(0.02)	(0.98)
Balance at 31 March 2017	0.90	0.79	2.87	1.59	0.70	6.85
Additions	0.13	0.08	0.72	1.34	0.13	2.40
Disposals / write-off	(0.09)	(0.07)	(0.11)	(0.32)	(0.10)	(0.69)
Balance at 31 March 2018	0.94	0.80	3.48	2.61	0.73	8.56
Accumulated depreciation						
Balance at 1 April 2016	0.22	0.07	1.07	0.50	0.04	1.90
Additions	0.23	0.16	0.95	0.38	0.11	1.83
Disposals / write-off	(0.06)	(0.03)	(0.28)	(0.13)	(0.01)	(0.51)
Balance at 31 March 2017	0.39	0.20	1.74	0.75	0.14	3.22
Additions	0.20	0.16	0.58	0.58	0.15	1.67
Disposals / write-off	(0.05)	(0.02)	(0.02)	(0.21)	(0.03)	(0.33)
Balance at 31 March 2018	0.54	0.34	2.30	1.12	0.26	4.56
Carrying amount (net)						
As at 31 March 2017	0.51	0.59	1.13	0.84	0.56	3.63
As at 31 March 2018	0.40	0.46	1.18	1.49	0.47	4.00

15 Intangible assets

	Software
Deemed cost / Cost (Gross carrying amount)	
Balance at 1 April 2016	0.36
Additions	0.17
Disposals	-
Balance at 31 March 2017	0.53
Additions	0.06
Disposals	-
Balance at 31 March 2018	0.59
Accumulated amortisation	
Balance at 1 April 2016	0.16
Additions	0.20
Disposals	-
Balance at 31 March 2017	0.36
Additions	0.07
Disposals	-
Balance at 31 March 2018	0.43
Carrying amount (net)	
As at 31 March 2017	0.17
As at 31 March 2018	0.16



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ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

16 Investments

	As at 31 March 2018	As at 31 March 2017
A. Non-current investments		
National savings certificate, unquoted at FVTPL		
National savings certificates*	-	-
	-	-
Aggregate value of unquoted investments	-	-
B. Current investments		
Mutual funds, unquoted at FVTPL		
ICICI Prudential Money Market Fund - Direct Plan-Growth	3.52	2.23
HDFC Liquid Fund - Direct Plan - Growth	-	2.54
	3.52	4.77
Aggregate value of unquoted investments	3.52	4.77

* National saving certificate investments as at 31 March 2018 of INR 20,000 (Previous year: INR 20,000) has been rounded off in INR crores to Nil

Information about the Company's exposure to credit risks and market risks, and fair value measurement, is included in Note 31(c)

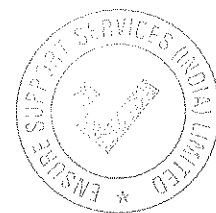
17 Trade receivables

	As at 31 March 2018	As at 31 March 2017
Unsecured, considered good	38.05	30.21
Doubtful	3.46	3.33
Less : Loss allowance	(3.46)	(3.33)
Net trade receivables	38.05	30.21
Non - current	-	-
Current	38.05	30.21
	38.05	30.21

Of the above, trade receivables from related parties are as below:

Total trade receivables from related parties	1.33	-
Loss allowance	-	-
Net trade receivables	1.33	-

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 31(c)



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ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

18 Inventories

	As at 31 March 2018	As at 31 March 2017
Stores and spares *	3.19	2.26
	3.19	2.26
*Net of stock provision	1.82	0.64

19 Cash and cash equivalents

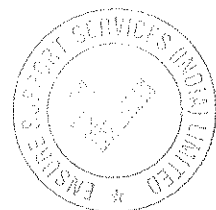
	As at 31 March 2018	As at 31 March 2017
Cash in hand	0.02	0.02
Balance with banks:		
- On current accounts	2.58	4.58
- Deposits with original maturity of less than 3 months	1.80	-
Cash and cash equivalents in balance sheet	4.40	4.60
Bank overdrafts / cash credit used for cash management purposes	-	-
Cash and cash equivalents in the statements of cash flows	4.40	4.60

20 Other bank balances

	As at 31 March 2018	As at 31 March 2017
Other bank balances	0.18	0.16
	0.18	0.16

21 Deposits and other receivables (unsecured, considered good)

	As at 31 March 2018	As at 31 March 2017
Non-current		
Security and other deposit	1.99	2.23
Bank deposits due to mature after 12 months	0.18	0.20
Others	0.02	0.01
	2.19	2.44
Current		
Unbilled revenue	3.65	7.04
Security and other deposit	1.46	1.72
Advances to employee	0.24	0.22
Others	0.18	0.01
	5.53	8.99



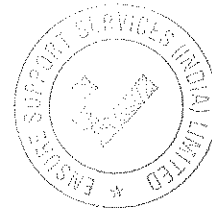
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ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018
(All amounts are in Indian rupees in crores, except share data and as stated)

22 Other assets (unsecured, considered good)

	As at 31 March 2018	As at 31 March 2017
Non-current		
Capital advances	-	0.01
Prepayments	0.29	0.31
	0.29	0.32
Current		
Balances with government authorities	0.15	3.36
Prepayments	1.23	1.02
Others	0.73	0.43
	2.11	4.81



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ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

23A Share capital

	As at 31 March 2018	As at 31 March 2017
Authorised		
4,500,000 (31 March 2017: 4,500,000) equity shares of INR 10 each	4.50	4.50
Issued, Subscribed and Paid-up		
4,500,000 (31 March 2017: 4,500,000) equity shares of INR 10 each	4.50	4.50

All issued shares are fully paid up

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	31 March 2018		31 March 2017	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares				
At the commencement of the period	4,500,000	4.50	4,500,000	4.50
Share issued for cash	-	-	-	-
At the end of the period	4,500,000	4.50	4,500,000	4.50

Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares of par value of Rs.10/- per share. Accordingly, all equity shares rank equally with regard to dividends. The equity shareholders are entitled to receive dividend as may be declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company.

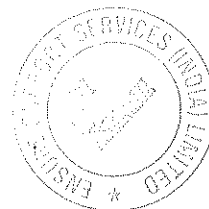
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Shares held by holding / ultimate holding company and / or their subsidiaries / associates

	As at 31 March 2018		As at 31 March 2017	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares of Rs. 10 each fully paid up held by Redington (India) Limited, holding company and its nominees	4,500,000	4.50	4,500,000	4.50

Particulars of shareholder holding more than 5% shares of a class of shares

	As at 31 March 2018		As at 31 March 2017	
	No. of Shares	% of total shares in class	No. of Shares	% of total shares in class
Equity shares of Rs. 10 each fully paid up held by Redington (India) Limited, holding company and its nominees	4,500,000	100%	4,500,000	100%
	4,500,000	100%	4,500,000	100%



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ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

23B Other equity

Other Reserves

	Note	31-Mar-18	31-Mar-17
Stock compensation expense	(i)	0.12	-
		0.12	-

(i) Stock compensation expense

	31-Mar-18	31-Mar-17
Opening balance	-	-
Stock compensation expense	0.12	-
Closing balance	0.12	-

Stock compensation expense

On December 30, 2017, Redington (India) Limited ('the Holding Company') granted 210,000 Stock Appreciation Rights (SARs) to the eligible employees and directors of the Company under the Redington Stock Appreciation Right Scheme, 2017 ('SAR Scheme'). Refer note 39 for further details on this scheme.

Dividends

The following dividends were declared and paid by the Company during the year:

	31-Mar-18	31-Mar-17
INR 3.50 per equity shares (31 March 2017: Nil)	1.58	-
Dividend distribution tax (DDT) on dividend to equity shareholders	0.32	-
	1.90	-

23C Analysis of accumulated OCI, net of tax

A. Other items of OCI

	As at 31 March 2018	As at 31 March 2017
Remeasurements of defined benefit liability (asset)	0.29	0.01
Deferred tax on above	0.10	-
	0.19	0.01

Remeasurements of defined benefit liability (asset)

	As at 31 March 2018	As at 31 March 2017
Opening balance	(0.28)	(0.29)
Recognized during the year	0.19	0.01
Closing balance	(0.09)	(0.28)

B. Disaggregation of changes in items of OCI

	Re-measurements of defined benefit liability/ (asset)	Total OCI
Year ended 31 March 2017		
Remeasurement of defined benefit liability (asset)	0.01	0.01
	0.01	0.01

	Re-measurements of defined benefit liability/ (asset)	Total OCI
Year ended 31 March 2018		
Remeasurement of defined benefit liability (asset)	0.19	0.19
	0.19	0.19

Remeasurements of defined benefit liability (asset)

Remeasurements of defined benefit liability (asset) comprises actuarial losses.



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ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

23D Capital management

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

24 Earnings per share

a. Basic and diluted earnings per share

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic and diluted earnings per share calculation are as follows:

i. Profit (loss) attributable to equity shareholders - for basic and diluted EPS

	Year ended 31 March 2018	Year ended 31 March 2017
Profit (loss) for the year, attributable to the equity holders	6.47	7.20

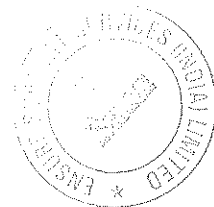
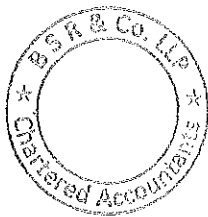
ii. Weighted average number of equity shares - for basic and diluted EPS

	Year ended 31 March 2018	Year ended 31 March 2017
Opening balance	4,500,000	4,500,000
Effect of fresh issue of shares	-	-
Weighted average number of equity shares for the year	4,500,000	4,500,000

25 Borrowings

	As at 31 March 2018	As at 31 March 2017
Current borrowings		
Loans from related party (unsecured)	-	2.50
Total current borrowings	-	2.50

Information about the Group's exposure to interest rate, foreign currency and liquidity is provided in Note 31.



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ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

25 Borrowings (contd.)**Terms and repayment schedule**

Terms and conditions of outstanding borrowings are as follows:

	Currency	Nominal interest rate	Year of maturity	Carrying amount at 31 March 2018	Carrying amount at 31 March 2017
Loan from related party	INR	6.6% - 6.7%	2017-18	-	2.50
				-	2.50

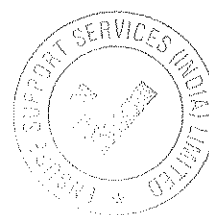
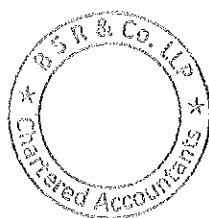
26 Deferred income

	As at 31 March 2018	As at 31 March 2017
Deferred income	3.27	3.54
Customer advances	0.77	0.45
	4.04	3.99
Non-current	-	-
Current	4.04	3.99
	4.04	3.99

27 Trade payables

	As at 31 March 2018	As at 31 March 2017
Trade payables to related parties	-	0.57
Other trade payables	22.00	20.61
	22.00	21.18

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in Note 31. Also refer note 36 for disclosures relating to dues to Micro, Small and Medium Enterprises. All trade payables are 'current'.



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ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

28 Other financial liabilities

	As at 31 March 2018	As at 31 March 2017
Insurance claim payable	4.42	8.59
Deposit from partners	4.74	2.34
Other payables	1.37	0.47
	10.53	11.40
Non current	-	-
Current	10.53	11.40
	10.53	11.40

The Company's exposure to currency and liquidity risk related to above financial liabilities is disclosed in Note 31.

29 Other liabilities

	As at 31 March 2018	As at 31 March 2017
Statutory liabilities	1.50	1.07
Employee benefits payable	1.73	2.92
	3.23	3.99
Current	3.23	3.99
Non - current	-	-
	3.23	3.99



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ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

30 Provisions

	Non current		Current	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Provision for employee benefits				
Liability for gratuity	2.42	2.37	0.30	0.13
Liability for compensated absences	0.41	0.39	0.11	0.04
	2.83	2.76	0.41	0.17

For details about the related employee benefit expenses, see Note 9

The Company operates the following post-employment defined benefit plans:

The Company has a defined benefit gratuity plan in India (the Plan), governed by the Payment of Gratuity Act, 1972. The Plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee at the time of retirement, death or termination of employment. Liabilities for the same are determined through an actuarial valuation as at the reporting dates using the "projected unit cost method".

These defined benefit plans expose the Company to actuarial risks, such as longevity risk and interest rate risk.

A. Funding

The gratuity plan of the Company is an unfunded plan.

B. Reconciliation of the net defined benefit (asset)/ liability

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

Reconciliation of present value of defined benefit obligation

	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the year	2.50	2.34
Benefits paid	(0.45)	(0.12)
Current service cost	0.39	0.12
Interest cost	0.17	0.18
Actuarial (gains) losses recognised in other comprehensive income		
- changes in financial assumptions	(0.16)	-
- experience adjustments	0.26	(0.02)
Balance at the end of the year	2.71	2.50



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ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

30 Provisions (contd.)

C. Expense/ (income) recognised in the statement of profit or loss

	Year ended 31 March 2018	Year ended 31 March 2017
Current service cost	0.39	0.12
Interest cost*	0.17	0.18
	0.56	0.30

* Included under finance costs (refer note 10)

Remeasurements recognised in other comprehensive income

	Year ended 31 March 2018	Year ended 31 March 2017
Actuarial gain on defined benefit obligations	0.10	(0.02)
	0.10	(0.02)

D. Defined benefit obligation

i. Actuarial assumptions

Principal actuarial assumptions at the reporting date:

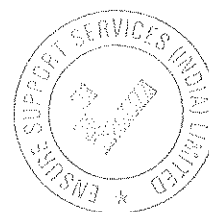
	As at 31 March 2018	As at 31 March 2017
Discount rate	7.50%	7.50%
Future salary growth	8.00%	10.00%
Attrition rate	10.00%	10.00%

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:

	As at 31 March 2018		As at 31 March 2017	
	Increase in %	Decrease in %	Increase in %	Decrease in %
Discount rate (1% movement)	(0.17)	0.19	(0.30)	0.36
Future salary growth (1% movement)	0.08	(0.09)	0.09	(0.11)
Attrition rate (1% movement)	0.03	(0.04)	(0.30)	0.36

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.



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ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018
(All amounts are in Indian rupees in crores, except share data and as stated)

31 Financial instruments - Fair values and risk management

A. Accounting classification and fair values

Note	As at 31 March 2018		As at 31 March 2017	
	FVTPL	FVOCI	FVTPL	FVOCI
		Amortised cost		Amortised cost
16	3.52	-	4.77	-
17	-	38.05	-	30.21
19	-	4.40	-	4.60
20	-	0.18	-	0.16
21	-	7.72	-	11.43
	3.52	50.35	4.77	46.40
25	-	-	-	2.50
27	-	22.00	-	21.18
28	-	4.42	-	8.59
28	-	6.11	-	2.81
	-	32.53	-	35.08

Financial assets measured at fair value

Investments

Mutual funds

Financial assets not measured at fair value

Trade receivables (refer note below)

Cash and cash equivalents (refer note below)

Other bank balances

Deposits and other receivables

Total financial assets

Financial liabilities not measured at fair value

Short term borrowings (refer note below)

Trade payables (refer note below)

Insurance claim payable (refer note below)

Others (refer note below)

Total financial liabilities

Note: The Company has not disclosed fair values of financial instruments such as trade receivables, unbilled revenue, cash and bank balances, advances to employees, short term borrowings, trade and insurance claim payables and other payables, because their carrying amounts are reasonable approximations of their fair values.

Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within 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).



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ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018
(All amounts are in Indian rupees in crores, except share data and as stated)

31 Financial instruments - Fair values and risk management (contd.)

(a) Financial assets and liabilities valued at fair value

Financial Assets

Investment in equity instruments

	As at 31 March 2018			As at 31 March 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	3.52	-	-	4.77	-	-
	3.52	-	-	4.77	-	-

(b) Financial assets and liabilities measured at amortised cost

The financial instruments that have been measured at amortised costs are fair valued using Level 2 hierarchy. The Company has not disclosed the fair values for certain financial instruments measured at amortised cost such as trade receivables and payables and other items (refer note 31A), because their carrying amounts are a reasonable approximation of fair value.

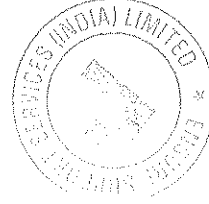
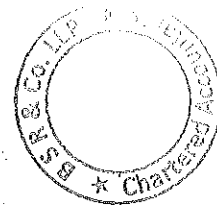
Financial assets not measured at fair value

Security deposits

	As at 31 March 2018			As at 31 March 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	-	7.72	-	-	11.43	-
	-	7.72	-	-	11.43	-

B. Measurement of fair values

There were no level 3 or unobservable inputs that were used in the valuation of financial assets or liabilities noted above.



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ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018
(All amounts are in Indian rupees in crores, except share data and as stated)

31 Financial instruments - Fair values and risk management (contd.)

C. Financial risk management

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

- credit risk;
- liquidity risk; and
- market risk

i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors along with the top management are responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set 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.

ii. Credit risk

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

The carrying amounts of financial assets represent the maximum credit risk exposure.

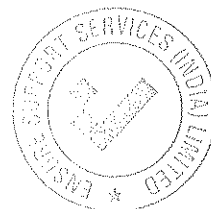
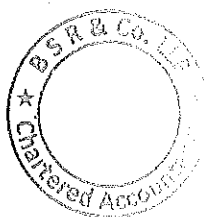
Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of the Company's trade receivables, certain loans and advances and other financial assets.

The maximum exposure to credit risk for trade and other receivables are as follows:

	Carrying amount as at	
	31 March 2018	31 March 2017
Trade receivables	38.05	30.21
Unbilled revenue	3.65	7.04
Total trade and other receivables	41.70	37.25
Cash and bank balances	4.40	4.60
Other bank balances	0.18	0.16
Deposits and other receivables (excluding unbilled revenue)	4.07	4.39
Investments	3.52	4.77
Total	53.87	51.17

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Given that the macro economic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of minimal credit losses to continue. Further, management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full except to the extent already provided, based on historical payment behavior and extensive analysis of customer credit risk. The impairment loss at the reporting dates related to several customers that have defaulted on their payments to the Company and are not expected to be able to pay their outstanding balances, mainly due to economic circumstances.



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ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018
(All amounts are in Indian rupees in crores, except share data and as stated)

31 Financial instruments - Fair values and risk management (contd.)

C. Financial risk management (contd.)

ii. Credit risk (contd.)

The Company determines credit risk based on a variety of factors including but not limited to the age of the receivables, cash flow projections and available press information about customers. In order to calculate the loss allowance, loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency through write-off. Roll rates are calculated separately for exposures in different stages of delinquency primarily determined based on the time period for which they are past due. The Company assumes a 100% loss rate in case of trade receivables that are more than 270 days past due as it believes that the probability of collection in such cases is remote.

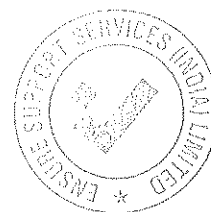
The following table provides information about the exposure to credit risk and expected credit loss for trade receivables

31 March 2018

Age	Gross carrying amount	Weighted average loss rate	Loss allowance	Whether credit - impaired
Not due	25.69	1.13%	0.29	No
0- 90 days	7.35	2.10%	0.15	No
91 - 180 days	2.54	4.20%	0.12	No
181 - 270 days	3.32	8.63%	0.29	No
271 - 360 days	0.81	100.00%	0.81	No
> 360 days	1.80	100.00%	1.80	No
	41.51		3.46	

31 March 2017

Age	Gross carrying amount	Weighted average loss rate	Loss allowance	Whether credit - impaired
Not due	21.89	1.86%	0.41	No
0- 90 days	6.05	2.20%	0.13	No
91 - 180 days	2.50	7.40%	0.18	No
181 - 270 days	0.59	17.08%	0.10	No
271 - 360 days	0.50	100.00%	0.50	No
> 360 days	2.01	100.00%	2.01	No
	33.54		3.33	



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ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018
(All amounts are in Indian rupees in crores, except share data and as stated)

31 Financial instruments - Fair values and risk management (contd.)

C. Financial risk management (contd.)

ii. Credit risk (contd.)

Movements in the allowance for impairment in respect of trade receivables and loans

The movement in the allowance for impairment in respect of trade receivables is as follows:

	As at 31 March 2018	As at 31 March 2017
Balances at 1 April	3.33	2.89
Provision for the year	2.65	0.44
Receivable written off during the year	(2.52)	-
Balance at 31 March	3.46	3.33

Cash and bank balances (includes amounts classified under other bank balances and deposits and other receivables)

The Company holds cash and bank balances of INR 4.76 crores at 31 March 2018 (31 March 2017: INR 4.96 crores). The credit worthiness of such banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good.

Security deposits

This balance is primarily constituted by deposit given in relation to leasehold premises occupied by the Company for carrying out its operations. The Company does not expect any losses from non-performance by these counter-parties.

Other financial assets including investments

The Company holds investments in mutual funds. The credit worthiness of such mutual fund institutions are evaluated by the management on an ongoing basis and is considered to be good.



A handwritten signature in black ink.

C. V. P

ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

31 Financial instruments - Fair values and risk management (contd.)

C. Financial risk management (contd.)

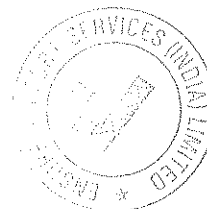
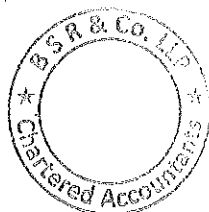
iii. Liquidity risk

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

Exposure to liquidity risk

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

	Carrying amount	Contractual cash flows					More than 5 years
		Total	6 months or less	6-12 months	1-2 years	2-5 years	
As at 31 March 2018							
Non derivative financial liabilities							
Unsecured loans from related parties	-	-	-	-	-	-	-
Trade payables	22.00	22.00	22.00	-	-	-	-
Other financial liabilities	10.53	12.26	3.10	9.16	-	-	-
	32.53	34.26	25.10	9.16	-	-	-
As at 31 March 2017							
Non derivative financial liabilities							
Unsecured loans from related parties	2.50	2.50	2.50	-	-	-	-
Trade payables	21.18	21.18	21.18	-	-	-	-
Other financial liabilities	11.40	14.32	3.39	10.93	-	-	-
	35.08	38.00	27.07	10.93	-	-	-



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ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018
(All amounts are in Indian rupees in crores, except share data and as stated)

31 Financial instruments - Fair values and risk management (contd.)

C. Financial risk management (contd.)

iv. Market risk

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

The following table analyzes foreign currency risk from financial instruments:

	As at 31 March 2018		As at 31 March 2017	
	INR	USD	INR	USD
Financial assets:				
Investments	3.52	-	4.77	-
Trade receivables	35.10	2.95	24.58	5.63
Unbilled receivables	3.65	-	7.04	-
Cash and cash equivalents	4.40	-	4.60	-
Other bank balances	0.18	-	0.16	-
Other financial assets				
- Security deposits	3.45	-	3.95	-
- Employee advances	0.24	-	0.22	-
- Others	0.38	-	0.22	-
Financial liabilities:				
Short term borrowings	-	-	(2.50)	-
Trade payables	(21.95)	(0.05)	(21.18)	-
Insurance claim payable	(4.42)	-	(8.59)	-
Others	(6.11)	-	(2.81)	-
Net assets / (liabilities)	18.44	2.90	10.46	5.63

Sensitivity analysis

A reasonably possible strengthening (weakening) of the US dollar against INR at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit / (loss)		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2018				
USD (1% movement)	0.03	(0.03)	-	-
31 March 2017				
USD (1% movement)	0.06	(0.06)	-	-

Interest rate risk exposure

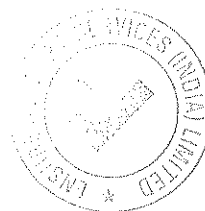
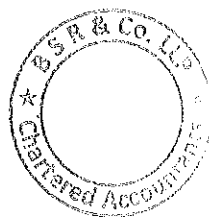
The exposure of the Company's borrowings/deposits to interest rate changes at the end of the reporting period are as follows:

	As at 31 March 2018	As at 31 March 2017
Fixed rate instruments		
Financial assets - Bank deposits	2.16	0.36
Financial liabilities - Borrowings	-	2.50

Fair value sensitivity analysis for fixed rate instruments

In respect of the fixed rate borrowings and bank deposits the Company is not exposed to any fair value risk and as such any changes in the interest rates does not have any impact on equity or profit and loss.

The Company does not have any floating rate instruments.



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ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

32 Operating leases

A. Leases as lessee

The Group has taken on lease a number of offices and warehouse facilities under operating leases. The leases typically run for a period of 1 year to 12 years, with an option to renew the lease after that period. Lease payments are renegotiated every year to reflect market rentals.

Future minimum lease payments

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

	31 March 2018	31 March 2017
Payable in less than one year	1.14	0.99
Payable between one and five years	0.75	0.61
	1.89	1.60

Amounts recognised under operating leases in the statement of profit and loss was INR. 6.64 crores (previous year: INR. 7.13 crores)

33 Contingent liabilities and commitments

	31 March 2018	31 March 2017
Contingent liabilities		
Claims against the Company not acknowledged as debts		
Sales tax related matters	0.02	0.02
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-



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ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

34 Related parties

A. Parent and ultimate controlling party

Related parties with whom transactions have taken place during the year:

Nature of relationship	Name of the entity
Holding Company	Redington (India) Limited (RIL)
Key Management Personnel ('KMP')	Mr. S V Rao, Whole time Director (SVR)
	Mr. S V Krishnan, Director (SVK)
	Mr. Stephen Aranha, Director (upto 13 May 2017) (SA)
Fellow subsidiaries	Cadensworth India Limited (CIL) (merged with Redington (India) Limited w.e.f 26 July 2017)
	ProConnect Supply Chain Solutions Limited (PSCSL)
Holding Company's Subsidiary of Associate	Currents Technology Retail (India) Limited (CTRL)

B. Transaction with key managerial personnel

Key management personnel of the Company comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel compensation during the year are as follows:

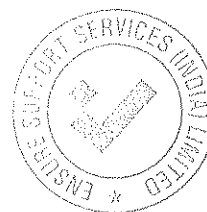
	Year ended 31 March 2018	Year ended 31 March 2017
Short term employee benefits (excludes Stock compensation expense)	0.39	0.39
Post-employment defined benefits	*	*
Compensated absences	*	*
Sitting fees	0.01	0.01
Total	0.40	0.40

Compensation of the Company's key managerial personnel includes salaries, non-cash benefits and contributions to post-employment defined benefit plan (see Note 9).

* Amount attributable to post employment benefits and compensated absences have not been disclosed as the same cannot be identified distinctly in the actuarial valuation.

C. Related party transactions other than those with key managerial personnel

	Transaction value		Balance outstanding - Payable / (Receivable)	
	For the year ended 31 March 2018	For the year ended 31 March 2017	As at 31 March 2018	As at 31 March 2017
Sale of goods and services				
RIL	3.90	2.78	1.56	1.25
CIL	-	0.12	-	-
PSCSL	0.08	0.08	0.02	-
Purchase of goods and services				
RIL	0.39	0.29	0.02	0.01



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ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018

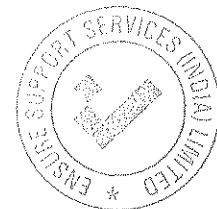
(All amounts are in Indian rupees in crores, except share data and as stated)

34 Related parties

C. Related party transactions other than those with key managerial personnel (contd.)

	Transaction value		Balance outstanding - Payable / (Receivable)	
	For the year ended 31 March 2018	For the year ended 31 March 2017	As at 31 March 2018	As at 31 March 2017
Rental Income				
PSCSL	0.32	0.23	0.03	-
Interest Expenses				
RIL	0.13	0.04	0.02	0.04
Rental Expenses				
RIL	0.46	0.42	0.17	0.11
Loans taken				
RIL	4.00	2.50	-	2.50
Loans repaid				
RIL	6.50	-	-	-
Dividend				
RIL	1.58	-	-	-
Insurance loss repaid				
RIL	-	1.50	-	-
Any other expenses incurred on their behalf				
RIL	-	0.01	-	0.27
CIL	-	-	-	-
PSCSL	0.01	0.09	-	-
Any other expenses incurred on our behalf				
RIL	0.66	8.59	0.01	1.93
PSCSL	-	-	-	-
Sitting fees				
SVK	0.01	0.01	-	-
SVR	-	-	-	-

All transactions with these related parties are priced on an arm's length basis. None of the balances is secured.



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ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

35 Insurance

During the month of December 2015, one of the Company's warehouse was affected by flood which resulted in the loss of fixed assets, inventory owned by the Company and inventory held on behalf of its vendors. The Company had filed an insurance claim and has received an amount of Nil (31 March 2017: Rs. 0.59 crores, 31 March 2016: Rs. 27.73) towards such claim. The amount of claim attributable towards the loss of its own inventory and related aspects has been disclosed as other income under note 7. The amount received in respect of inventory held on behalf of the vendors (net of payments / adjustments made upto the balance sheet date as at 31 March 2018 and 2017) has been disclosed under "Other financial liabilities – Insurance claim payable" in note 28.

36 Micro, Small and Medium Enterprises Development Act, 2006

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the Micro, Small and Medium Enterprise Development Act, 2006 ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2018 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

Particulars	As at 31 March 2018	As at 31 March 2017
(a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;	-	-
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(c) 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 Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

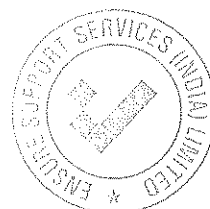
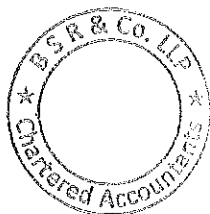
37 Transfer pricing

The Company has transactions with related parties. For the financial year 2016-17, the Company has obtained the Accountant's report from a Chartered Accountant as required by the relevant provisions of the Income-tax Act, 1961 ("the Act") and has filed the same with the tax authorities. For the year 2017-18, the management confirms that it maintains documents as prescribed by the Act to prove that these transactions are at arm's length and the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

38 Disclosure of specified bank notes

During the previous year, the Company had specified bank notes (SBN) and other denomination notes as defined in the MCA Notification G.S.R 308(E) dated 30 March 2017 on the details of specified bank notes held and transacted during the period from 8 November 2016 to 30 December 2016. The denomination wise SBN and other notes as per the notification are given below:

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 8 November 2016	0.02	0.04	0.06
Add: Permitted receipts	-	0.35	0.35
Less: Permitted payments	-	0.14	0.14
Less: Amount deposited in banks	0.02	0.22	0.24
Closing cash in hand as on 30 December 2016	-	0.03	0.03



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ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

39 Stock compensation expense

A. Description of Redington Stock Appreciation Right Scheme, 2017

On December 30, 2017, Redington (India) Limited ('the Holding Company') granted 210,000 Stock Appreciation Rights (SARs) to the eligible employees and directors of the Company under the Redington Stock Appreciation Right Scheme, 2017 ('SAR Scheme'). The SAR scheme was duly approved by the Board of Directors and the Shareholders of the Holding Company pursuant to which the shares of the Holding Company will be issued to the eligible employees and directors of the Company.

Each SAR entitle the employees and directors to receive equity shares of the Company equivalent to the increase in value of one equity share ('Appreciation'). Appreciation is calculated by reducing the issue price / base price from the reported closing price of the equity shares of the Holding Company in the NSE / BSE where there is highest trading, on the day prior to the date of exercising of these SARs and multiplying the resultant with the number of SARs exercised.

These SARs vest over a period of 3 years from the date of the grant in the following manner:

10% of the SARs vest after a period of one year from the grant date, 20% of the SARs vest after a period of two years from the grant date and 70% of the SARs vest after a period of three years from the grant date. These SARs are exercisable within a period of three years from the respective date of vesting.

Certain SARs granted to the members of senior management team as identified by the Nomination and Remuneration committee of the Holding Company have an associated performance condition. The performance condition is the achievement of consolidated profit after taxes at a compounded annual growth rate as specified in the SAR scheme to be achieved over a period of three years ending March 31, 2020. Of the total SARs granted to senior management team, 35% of the SARs that would vest at the end of 3 years from the date of the grant are subject to these performance condition.

B. Measurement of fair values

The fair value of these SARs were determined based on the grant date fair values using the Black Scholes model. The fair value of the options and inputs used in the measurement of the grant date fair values of the equity settled SARs are as follows:

Particulars	31 March 2018
Fair value at grant date (weighted-average) *	INR 71.99 per SAR
Share price at grant date *	INR 174.60 per share
Base price / Exercise price *	INR 148.50 per SAR
Expected volatility (weighted-average) *	35.72%
Expected life (weighted-average) *	4.10 years
Expected dividends *	1.20%
Risk-free interest rate (weighted-average) *	7.02%

Expected volatility has been based on an evaluation of the historical volatility of the Holding Company's share prices. The expected term of the instruments has been determined based on the average of vesting period and the contractual term of the instruments.

* All the above inputs have been determined by the Holding Company basis the underlying information applicable in respect of the Holding Company.

C. Reconciliation of outstanding share options

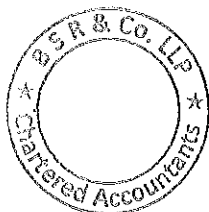
The number and weighted-average exercise prices of SARs under the SAR scheme were as follows:

Particulars	Number of SARs
Outstanding as at April 01, 2017	Nil
Add: Granted during the year	210,000
Less: Exercised during the year	-
Less: Forfeited during the year	-
Outstanding as at March 31, 2018	210,000
SARs exercisable at the end of the year	Nil

The SARs outstanding as at March 31, 2018 have a base price / exercise price of INR 148.50 per SAR and a weighted average remaining contractual life of 3.85 years. No SARs were exercised during the year.

D. Expense recognized in statement of profit and loss

The Company has recognized costs with respect to those SARs which were issued to the employees and directors of the Company in the statement of profit and loss as employee benefit expenses. For details on the employee benefit expenses refer note 9. The corresponding credits are accumulated in capital reserves. For details refer note 23B.



S. V. P.

ENSURE SUPPORT SERVICES (INDIA) LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018

(All amounts are in Indian rupees in crores, except share data and as stated)

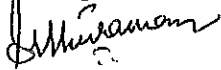
40 Subsequent events

On May 18, 2018, the Board of Directors of the Company have proposed a final dividend of Rs. 3 per share in respect of the year ended March 31, 2018, subject to the approval of shareholders at the ensuing Annual General Meeting.

for BSR & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

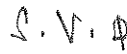


S Sethuraman

Partner

Membership No. 203491

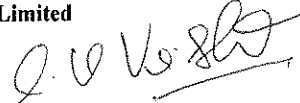
for and on behalf of the board of directors of
Ensure Support Services (India) Limited



S V Rao

Director

DIN 06600739



S V Krishnan

Director

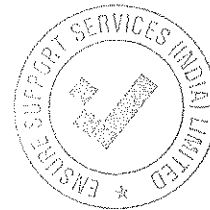
DIN 07518349

Place: Chennai

Date : 18 May 2018

Place: Chennai

Date : 18 May 2018



Company Registration No. 200503995E

Redington Distribution Pte Ltd and its subsidiaries

Annual Financial Statements
31 March 2018



Redington Distribution Pte Ltd and its Subsidiaries

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Redington Distribution Pte Ltd and its Subsidiaries

Director's Statement

The director is pleased to present the statement to the member together with the audited consolidated financial statements of Redington Distribution Pte Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the statement of comprehensive income, balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2018.

Opinion of the director

In the opinion of the director,

- (14) the accompanying consolidated financial statements of the Group and the statement of comprehensive income, balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018 and the financial performance, changes in equity and cash flows of the Group and the financial performance and changes in equity of the Company for the year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Director

The director of the Company in office at the date of this statement is:

Raj Shankar

Arrangements to enable director to acquire shares and debentures

Except as disclosed in the paragraph below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is to enable the director of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Director's interests in shares and debentures

The director, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Companies Act, an interest in shares of the company as stated below:

	Held in the name of director	
	At the beginning of financial year	At the end of financial year
Holding company - Redington India Limited		
Raj Shankar	594,946	594,946
		Ordinary shares

Redington Distribution Pte Ltd and its Subsidiaries

Director's Statement

Director's interests in shares and debentures (continued)

	Held in the name of director	
	At the beginning of financial year	At the end of financial year
Redington Nigeria Ltd		
Raj Shankar	1	1

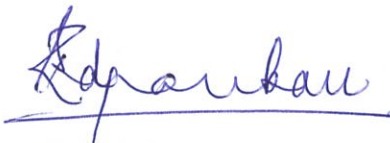
There were no options granted during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option as at the end of the financial year.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.



Raj Shankar
Director

Singapore
14 May 2018

Redington Distribution Pte Ltd and its Subsidiaries

Independent Auditor's Report For the financial year ended 31 March 2018

Independent Auditor's Report to the Member of Redington Distribution Pte Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Redington Distribution Pte Ltd (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 March 2018, the statements of changes in equity and statements of comprehensive income of the Group and the Company and consolidated cash flow statement of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of comprehensive income, balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for other information. The other information comprises Director's statement set out on pages 1 and 2.

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

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

Redington Distribution Pte Ltd and its Subsidiaries

Independent Auditor's Report For the financial year ended 31 March 2018

Independent Auditor's Report to the Member of Redington Distribution Pte Ltd

Responsibilities of Management and Director for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The director's responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Redington Distribution Pte Ltd and its Subsidiaries

**Independent Auditor's Report
For the financial year ended 31 March 2018**

Independent Auditor's Report to the Member of Redington Distribution Pte Ltd

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the director 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.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.



Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

14 May 2018

Redington Distribution Pte Ltd and its Subsidiaries

**Statements of Comprehensive Income
For the financial year ended 31 March 2018**

	Note	Group		Company	
		2018 US\$	2017 US\$	2018 US\$	2017 US\$
Revenue					
Sale of goods	4	477,581,870	455,581,322	466,669,691	445,436,456
Other income					
Fee income	16	50,000	50,000	50,000	50,000
Interest income		66,207	127,228	53,622	109,008
Miscellaneous income		2,560	22,989	29,458	10,616
		<u>477,700,637</u>	<u>455,781,539</u>	<u>466,802,771</u>	<u>445,606,080</u>
Less: Cost and expenses					
Cost of goods sold		458,452,150	435,734,058	449,212,313	427,105,839
Allowance for impairment of trade receivables	11	45,755	1,034,326	60,742	981,055
Inventories written down	10	3,102,559	1,180,475	3,008,141	1,154,823
Bad debts written off		–	165,000	–	165,000
Depreciation of plant and equipment	7	35,952	26,827	10,343	3,442
Amortisation of intangible asset	8	646	718	–	–
Net exchange differences		(126,406)	126,839	(210,726)	6,621
Director's remuneration	16	943,513	1,010,122	943,513	1,010,122
Staff costs					
- Salaries and bonuses		1,904,068	1,876,997	1,299,641	1,384,960
- CPF contributions		101,081	132,660	101,081	132,660
Finance costs		554,702	487,190	481,505	430,695
Other operating expenses		2,494,428	2,489,939	2,062,281	2,088,254
		<u>467,508,448</u>	<u>444,265,151</u>	<u>456,968,834</u>	<u>434,463,471</u>
Profit before tax	5	10,192,189	11,516,388	9,833,937	11,142,609
Income tax expense	6	(2,378,967)	(2,739,326)	(2,314,975)	(2,603,126)
Profit for the year		<u>7,813,222</u>	<u>8,777,062</u>	<u>7,518,962</u>	<u>8,539,483</u>
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation		(26,571)	35,100	–	–
Total comprehensive income for the year		<u>7,786,651</u>	<u>8,812,162</u>	<u>7,518,962</u>	<u>8,539,483</u>
Total comprehensive income for the year attributable to owner of the Company		<u>7,786,651</u>	<u>8,812,162</u>	<u>7,518,962</u>	<u>8,539,483</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Redington Distribution Pte Ltd and its Subsidiaries

Balance Sheets As at 31 March 2018

	Note	Group		Company	
		2018 US\$	2017 US\$	2018 US\$	2017 US\$
Non-current assets					
Plant and equipment	7	105,468	89,721	24,010	27,989
Intangible assets	8	536	1,210	–	–
Investment in subsidiaries	9	–	–	301,294	301,294
Deferred tax assets		83,309	2,157	–	–
		189,313	93,088	325,304	329,283
Current assets					
Inventories	10	24,443,234	17,271,439	21,782,344	15,563,394
Trade and other receivables	11	110,035,234	85,943,481	110,110,716	84,645,793
Cash and cash equivalents	12	8,417,279	14,647,459	8,088,819	14,154,624
		142,895,747	117,862,379	139,981,879	114,363,811
Current liabilities					
Trade and other payables	13	99,517,048	79,383,576	97,531,195	76,632,448
Income tax payable		1,628,999	1,880,347	1,617,153	1,875,897
		101,146,047	81,263,923	99,148,348	78,508,345
Net current assets		41,749,700	36,598,456	40,833,531	35,855,466
Non-current liabilities					
Retirement benefit obligation		18,934	18,323	–	–
Warranty provision	17	25,659	20,576	–	–
		44,593	38,899	–	–
		41,894,420	36,652,645	41,158,835	36,184,749
Equity					
Share capital	14	4,000,000	4,000,000	4,000,000	4,000,000
Retained earnings		37,507,665	32,256,443	36,660,235	31,703,273
Other reserves	15	498,600	481,476	498,600	481,476
Foreign currency translation reserve		(111,845)	(85,274)	–	–
		41,894,420	36,652,645	41,158,835	36,184,749

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Redington Distribution Pte Ltd and its Subsidiaries

Statements of Changes in Equity
For the financial year ended 31 March 2018

Group	Attributable to owner of the Company				Total US\$
	Share capital (Note 14) US\$	Retained earnings US\$	Foreign currency translation reserve US\$	Other reserves (Note 15) US\$	
Balance at 1 April 2017	4,000,000	32,256,443	(85,274)	481,476	36,652,645
Profit for the year	–	7,813,222	–	–	7,813,222
<u>Other comprehensive income</u>					
Foreign currency translation	–	–	(26,571)	–	(26,571)
Grant of equity-settled share options to employees	–	–	–	17,124	17,124
Total comprehensive income for the year	–	7,813,222	(26,571)	17,124	7,803,775
<u>Distribution to owner</u>					
Dividends paid (Note 22)	–	(2,562,000)	–	–	(2,562,000)
Balance at 31 March 2018	4,000,000	37,507,665	(111,845)	498,600	41,894,420
Balance at 1 April 2016	4,000,000	25,809,381	(120,374)	481,476	30,170,483
Profit for the year	–	8,777,062	–	–	8,777,062
<u>Other comprehensive income</u>					
Foreign currency translation	–	–	35,100	–	35,100
Total comprehensive income for the year	–	8,777,062	35,100	–	8,812,162
<u>Distribution to owner</u>					
Dividends paid (Note 22)	–	(2,330,000)	–	–	(2,330,000)
Balance at 31 March 2017	4,000,000	32,256,443	(85,274)	481,476	36,652,645

Redington Distribution Pte Ltd and its Subsidiaries

**Statements of Changes in Equity
For the financial year ended 31 March 2018**

Company	Attributable to owner of the Company			Total US\$
	Share Capital (Note 14) US\$	Retained earnings US\$	Other reserves (Note 15) US\$	
Balance at 1 April 2017	4,000,000	31,703,273	481,476	36,184,749
Profit for the year	–	7,518,962	–	7,518,962
<u>Other comprehensive income</u>				
Grant of equity-settled share options to employees	–	–	17,124	17,124
Total comprehensive income for the year	–	7,518,962	17,124	7,536,086
<u>Distribution to owner</u>				
Dividends paid (Note 22)	–	(2,562,000)	–	(2,562,000)
Balance at 31 March 2018	4,000,000	36,660,235	498,600	41,158,835
Balance at 1 April 2016	4,000,000	25,493,790	481,476	29,975,266
Profit for the year, representing total comprehensive income for the financial year	–	8,539,483	–	8,539,483
<u>Distribution to owner</u>				
Dividends paid (Note 22)	–	(2,330,000)	–	(2,330,000)
Balance at 31 March 2017	4,000,000	31,703,273	481,476	36,184,749

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Redington Distribution Pte Ltd and its Subsidiaries

**Consolidated Cash Flow Statement
For the financial year ended 31 March 2018**

	2018 US\$	2017 US\$
Cash flows from operating activities		
Profit before tax	10,192,189	11,516,388
<u>Adjustments for:</u>		
Depreciation of plant and equipment	35,952	26,827
Amortisation of intangible asset	646	718
Impairment loss on trade receivables	45,755	1,034,326
Inventories written down	3,102,559	1,180,475
Bad debts written off	–	165,000
Grant of equity-settled share options to employees	17,124	–
Provision for retirement benefit obligations	611	6,662
Provision for warranty obligations	5,604	6,618
Interest expense	554,702	487,190
Interest income	(66,207)	(127,228)
Currency realignment	(25,406)	31,906
Operating profit before changes in working capital	13,863,529	14,328,882
(Increase)/decrease in inventories	(10,274,354)	4,770,091
(Increase)/decrease in trade and other receivables	(24,137,508)	4,167,044
Increase in trade and other payables	18,487,123	6,977,773
Cash (used in)/generated from operating activities	(2,061,210)	30,243,790
Interest received	66,207	127,228
Interest expense	(554,702)	(487,190)
Income tax paid	(2,711,467)	(2,519,003)
Net cash (used in)/generated from operating activities	(5,261,172)	27,364,825
Cash flows from investing activities		
Purchase of plant and equipment	(53,776)	(31,017)
Proceeds from disposal of plant and equipment	419	1,797
Net cash used in investing activities	(53,357)	(29,220)
Cash flows from financing activities		
Dividends paid on ordinary shares	(2,562,000)	(2,330,000)
Proceeds from short-term borrowings	1,646,349	–
Repayment of short-term borrowings	–	(23,435,369)
Net cash used in from financing activities	(915,651)	(25,765,369)
Net (decrease)/increase in cash and cash equivalents	(6,230,180)	1,570,236
Cash and cash equivalents at 1 April	14,647,459	13,077,223
Cash and cash equivalents at 31 March (Note 12)	8,417,279	14,647,459

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Redington Distribution Pte Ltd and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2018

1. Corporate information

Redington Distribution Pte Ltd (the "Company") is a limited liability company incorporated and domiciled in Singapore. The Company is a wholly-owned subsidiary of Redington (India) Limited, a company incorporated in India. Related company in these financial statements refer to members of the Redington India Limited group of companies.

The registered office and principal place of business of the Company is located at 60 Robinson Road, #12-02 BEA Building, Singapore 068892.

The principal activities of the Company are that of a general merchant and importer and exporter of computers, computer peripherals and components. The principal activities of the subsidiary companies are disclosed in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of comprehensive income, balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States dollars (USD or US\$).

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial years beginning on or after 1 April 2016. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
FRS 115: Revenue from Contracts with Customers	1 January 2018
FRS 109: Financial Instruments	1 January 2018
Amendments to FRS 102 Classification and Measurement of Share-Based Payment Transactions	1 January 2018
Amendments to FRS 40 Transfers of Investment Property	1 January 2018
Amendments to FRS 104 Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts	1 January 2018
Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018

Redington Distribution Pte Ltd and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2018

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective continued)

Description	Effective for annual periods beginning on or after
<i>Improvements to FRSs (December 2016)</i>	
(a) <i>Amendments To FRS 101 First-Time Adoption Of Financial Reporting Standards</i>	1 January 2018
(b) <i>Amendments To FRS 28 Investments In Associates And Joint Ventures</i>	1 January 2018
<i>INT FRS 112 Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
<i>Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined
<i>FRS 116 Leases</i>	1 January 2019
<i>Amendments to FRS 109: Prepayment Features with Negative Compensation</i>	1 January 2019
<i>Amendments to FRS 28: Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
<i>INT FRS 123 Uncertainty over Income Tax Treatments Illustrative examples</i>	1 January 2019

Except for the FRS 115, FRS 109 and FRS 116, the director expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the Amendments to FRS 115, FRS 109 and FRS 116 are described below.

FRS 115 Revenue from Contracts with Customers ("FRS 115")

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

The new revenue standard will supersede all current revenue recognition requirements under FRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

The Group performed a preliminary assessment of FRS 115 which is subject to changes arising from a more detailed ongoing analysis. The Group is in a business of distribution of software products. The Group does not expect any significant impact to arise from the changes.

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

Impairment

FRS 109 requires the Group to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. For the application of expected credit loss model, the Group needs to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheet to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

2. Summary of significant accounting policies (continued)

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2. Summary of significant accounting policies (continued)

2.4 Basis of consolidation and business combinations (continued)

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2. Summary of significant accounting policies (continued)

2.5 Foreign currency

The financial statements are presented in United States Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currency of the Company and its subsidiaries and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the profit or loss.

(b) Consolidated financial statements

For consolidation purposes, the assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.6 Plant and equipment

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful life of the assets as follows:-

Computer	-	1 - 3 years
Furniture and equipment	-	10 years
Motor vehicle	-	10 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in the profit or loss in the year the asset is derecognised.

2. Summary of significant accounting policies (continued)

2.7 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2. Summary of significant accounting policies (continued)

2.9 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiaries are accounted for at cost less impairment losses.

2.10 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised on the balance sheet when, and only when the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit and loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depend on their classification as follows:

(i) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

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

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group. Derivatives, including separated embedded derivatives are also classified as held for trading.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Redington Distribution Pte Ltd and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2018

2. Summary of significant accounting policies (continued)

2.10 Financial instruments (continued)

(a) Financial assets (continued)

(ii) Financial assets at fair value through profit or loss (continued)

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of financial liabilities not at fair value through profit or loss, plus directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

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

Redington Distribution Pte Ltd and its Subsidiaries

Notes to the Financial Statements

For the financial year ended 31 March 2018

2. Summary of significant accounting policies (continued)

2.11 *Impairment of financial assets*

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.12 *Cash and cash equivalents*

Cash and cash equivalents comprise fixed deposits, cash on hand and at banks that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2. Summary of significant accounting policies (continued)

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on the weighted average basis and includes all costs of purchase, and other costs incurred in bringing the inventories to their present location and condition.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

2.15 Employee benefits

Defined contribution plan

The Group makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. CPF contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2. Summary of significant accounting policies (continued)

2.15 Employee benefits (continued)

Employee share option plans

Employees of the Group receive remuneration in the form of share options of the holding company as consideration for services rendered.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest.

The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation. The employee share option reserve is transferred to retained earnings upon expiry of the share option.

2.16 Lease

Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.17 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods. Revenue recognised in the income statement represents net amounts after net off of commission paid to dealers.

Redington Distribution Pte Ltd and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2018

2. Summary of significant accounting policies (continued)

2.17 Revenue (continued)

(b) Fee income

Fee income is recognised upon services rendered in accordance to terms of the agreement.

(c) Interest income

Interest income is recognised using the effective interest method.

2.18 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Redington Distribution Pte Ltd and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2018

2. Summary of significant accounting policies (continued)

2.18 Taxes (continued)

(b) Deferred tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

2. Summary of significant accounting policies (continued)

2.19 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. Significant accounting judgments and estimates

The preparation of financial statement in accordance with FRSs requires the use of certain accounting estimates and exercise of judgements. Estimates and judgements are continuously evaluated and are based on past experience, reasonable expectations of future events and other factors.

The director is of the opinion that there are no key assumptions concerning the future nor other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities within the next financial year. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

4. Sale of goods

Revenue in respect of the Group represents invoiced value of goods supplied. Revenue excludes intra-group transaction.

Redington Distribution Pte Ltd and its Subsidiaries

**Notes to the Financial Statements
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5. Profit before tax

The following items have been included in arriving at profit before tax:

	Group		Company	
	2018 US\$	2017 US\$	2018 US\$	2017 US\$
Operating lease expense	392,888	386,196	275,897	299,647
Bank charges	435,477	541,794	422,086	528,830

6. Income tax expense

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 March 2018 and 2017 are:

	Group		Company	
	2018 US\$	2017 US\$	2018 US\$	2017 US\$
Statements of Comprehensive Income:				
Current income tax: -				
- Current year	1,788,877	1,955,706	1,633,051	1,872,833
- Under provision in respect of previous years	3,359	11,692	-	11,692
- Withholding tax	668,297	732,731	681,924	718,601
	2,460,533	2,700,129	2,314,975	2,603,126
Deferred income tax:-				
- Origination and reversal of temporary differences	(81,566)	78,456	-	-
- Benefits from previously unrecognised tax losses	-	(39,259)	-	-
	(81,566)	39,197	-	-
	2,378,967	2,739,326	2,314,975	2,603,126

Redington Distribution Pte Ltd and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2018**

6. Income tax expense (continued)

Relationship between tax expense and accounting profit

A reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate for the financial years ended 31 March 2018 and 2017 is as follows:

	Group		Company	
	2018	2017	2018	2017
	US\$	US\$	US\$	US\$
Profit before tax	10,192,189	11,516,388	9,833,937	11,142,609
Tax at domestic rates	1,827,595	1,999,281	1,671,769	1,894,244
Adjustments:				
Non-deductible expenses	6,068	109,165	6,068	44,902
Income not subject to taxation	(90,973)	(7,971)	(9,407)	–
Under provision in respect of previous years	3,359	11,692	–	11,692
Effect of partial tax exemption and tax relief	(54,802)	(63,672)	(54,802)	(63,672)
Withholding tax	668,297	732,731	681,924	718,601
Benefits from previously unrecognised tax losses	15,295	(39,259)	15,295	–
Others	4,128	(2,641)	4,128	(2,641)
Income tax expense	2,378,967	2,739,326	2,314,975	2,603,126

Redington Distribution Pte Ltd and its Subsidiaries

Notes to the Financial Statements
For the financial year ended 31 March 2018

7. Plant and equipment

Group	Computer US\$	Furniture and equipment US\$	Motor vehicle US\$	Total US\$
Cost				
At 1 April 2016	139,688	77,066	6,064	222,818
Additions	30,981	36	–	31,017
Disposals	(1,856)	–	(5,954)	(7,810)
Exchange differences	(718)	(1,037)	(110)	(1,865)
At 31 March 2017 and 1 April 2017	168,095	76,065	–	244,160
Additions	15,810	37,966	–	53,776
Disposals	(1,924)	–	–	(1,924)
Exchange differences	(1,946)	(1,887)	–	(3,833)
At 31 March 2018	180,035	112,144	–	292,179
Accumulated depreciation				
At 1 April 2016	107,295	21,420	5,862	134,577
Depreciation charge for the financial year	12,606	14,021	200	26,827
Disposals	(59)	–	(5,954)	(6,013)
Exchange differences	(571)	(273)	(108)	(952)
At 31 March 2017 and 1 April 2017	119,271	35,168	–	154,439
Depreciation charge for the financial year	16,845	19,107	–	35,952
Disposals	(1,505)	–	–	(1,505)
Exchange differences	(1,175)	(1,000)	–	(2,175)
At 31 March 2018	133,436	53,275	–	186,711
Net carrying amount:				
At 31 March 2018	46,599	58,869	–	105,468
At 31 March 2017	48,824	40,897	–	89,721

Redington Distribution Pte Ltd and its Subsidiaries

Notes to the Financial Statements
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7. Plant and equipment (continued)

Company	Computer US\$	Furniture and equipment US\$	Total US\$
Cost			
At 1 April 2016	88,064	11,725	99,789
Additions	21,860	–	21,860
<hr/>			
At 31 March 2017 and 1 April 2017	109,924	11,725	121,649
Additions	4,091	2,273	6,364
<hr/>			
At 31 March 2018	114,015	13,998	128,013
<hr/>			
Accumulated depreciation			
At 1 April 2016	81,860	8,358	90,218
Depreciation charge for the financial year	3,442	–	3,442
<hr/>			
At 31 March 2017 and 1 April 2017	85,302	8,358	93,660
Depreciation charge for the financial year	7,838	2,505	10,343
<hr/>			
At 31 March 2018	93,140	10,863	104,003
<hr/>			
Net carrying amount:			
At 31 March 2018	20,875	3,135	24,010
<hr/>			
At 31 March 2017	24,622	3,367	27,989
<hr/>			

Redington Distribution Pte Ltd and its Subsidiaries

Notes to the Financial Statements
For the financial year ended 31 March 2018

8. Intangible assets

Group	Computer software US\$
Cost	
At 1 April 2016	28,207
Exchange differences	(510)
	<hr/>
At 31 March 2017 and 1 April 2017	27,697
Exchange differences	(702)
	<hr/>
At 31 March 2018	26,995
	<hr/>
Accumulated amortisation	
At 1 April 2016	26,251
Amortisation charge for the financial year	718
Exchange differences	(482)
	<hr/>
At 31 March 2017 and 1 April 2017	26,487
Amortisation charge for the financial year	646
Exchange differences	(674)
	<hr/>
At 31 March 2018	26,459
	<hr/>
Net carrying amount:	
At 31 March 2018	536
	<hr/> <hr/>
At 31 March 2017	1,210
	<hr/> <hr/>

Intangible assets relate to cost incurred on computer software. This is amortised on a straight-line basis over 5 years.

Redington Distribution Pte Ltd and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2018**

9. Investment in subsidiaries

Name of Company (Country of incorporation)	Principal activities (Place of business)	Cost of investment		Proportion of ownership interest	
		2018 US\$	2017 US\$	2018 %	2017 %
Held by the Company					
Redington Bangladesh Limited * (Bangladesh)	Marketing, selling and Maintenance of computer hardware, accessories and spare parts (Bangladesh)	51,294	51,294	99	99
Redington SL Private Limited # (Sri Lanka)	Wholesale distribution of Information Technology products and spare parts (Sri Lanka)	250,000	250,000	100	100
		<u>301,294</u>	<u>301,294</u>		

* Audited by member firm of Ernst & Young, Global.

Audited by SJMS Associates, Colombo.

10. Inventories

	Group		Company	
	2018 US\$	2017 US\$	2018 US\$	2017 US\$
Balance sheet:				
Finished goods (at cost or net realisable value)	24,443,234	17,271,439	21,782,344	15,563,394
Income statement:				
Inventories recognised as an expense in cost of sales	458,452,150	435,734,058	449,212,313	427,105,839
Inclusive of the following charge:				
- Inventories written down	3,102,559	1,180,475	3,008,141	1,154,823

Redington Distribution Pte Ltd and its Subsidiaries

Notes to the Financial Statements
For the financial year ended 31 March 2018

11. Trade and other receivables

	Group		Company	
	2018 US\$	2017 US\$	2018 US\$	2017 US\$
Trade and other receivables				
Trade receivables:				
- External	106,375,510	80,715,064	101,272,219	76,107,436
- Amount due from holding company	14,450	1,403,581	14,450	1,403,581
- Amount due from subsidiary	-	-	5,242,007	3,369,579
- Amount due from a related company	-	664,399	-	664,399
Other receivables				
Deposits	127,245	111,984	83,320	78,362
Staff loan	10,345	67,341	1,006	59,928
GST receivables	3,386,061	2,883,832	3,386,061	2,883,832
Sundry receivables	121,623	97,280	111,653	78,676
Prepayments	-	52,674	-	8,440
Total trade and other receivables	110,035,234	85,943,481	110,110,716	84,645,793
Less: GST receivables	(3,386,061)	(2,883,832)	(3,386,061)	(2,883,832)
	106,649,173	83,059,649	106,724,655	81,761,961
Cash and cash equivalents (Note 12)	8,417,279	14,647,459	8,088,819	14,154,624
Total loans and receivables	115,066,452	97,707,108	114,813,474	95,916,585

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days terms (2017: 30 to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The Company has agreed for an instalment payment arrangement with certain customers amounting to US\$1,136,400 (2017: US\$3,152,216) for a three-year instalment payment on equal quarterly basis. The Company retains the right to recall the amount due from them on demand.

Redington Distribution Pte Ltd and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2018**

11. Trade and other receivables (continued)

Receivables that are past due but not impaired

The Group has trade receivables amounting to US\$22,036,869 (2017: US\$26,275,900) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group and Company	
	2018	2017
	US\$	US\$
Trade receivables past due:		
Lesser than 30 days	15,042,483	18,166,374
30 to 60 days	4,003,572	6,404,316
61 to 90 days	409,539	786,271
91 to 120 days	185,160	397,162
More than 120 days	2,396,115	521,777
	22,036,869	26,275,900
	22,036,869	26,275,900

Receivables that are impaired

The Group's trade receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	<i>Individually impaired</i>		<i>Individually impaired</i>	
	2018	2017	2018	2017
	US\$	US\$	US\$	US\$
Trade receivables				
- nominal amounts	5,760,197	6,120,040	5,531,455	5,876,190
Less: Allowance for impairment	(3,833,981)	(3,794,316)	(3,611,958)	(3,551,216)
	1,926,216	2,325,724	1,919,497	2,324,974
	1,926,216	2,325,724	1,919,497	2,324,974

Movement in allowance accounts:

Beginning balance	3,794,316	2,764,061	3,551,216	2,570,161
Charge for the financial year	45,755	1,034,326	60,742	981,055
Exchange differences	(6,090)	(4,071)	-	-
	3,833,981	3,794,316	3,611,958	3,551,216
	3,833,981	3,794,316	3,611,958	3,551,216

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that have not paid within a reasonable period even after due date. These receivables are not secured by any collateral or credit enhancements.

Redington Distribution Pte Ltd and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2018**

12. Cash and cash equivalents

Cash and cash equivalents included in the consolidated cash flow statement comprise the following balance sheet amounts:-

	Group		Company	
	2018 US\$	2017 US\$	2018 US\$	2017 US\$
Fixed deposits	56,358	59,406	–	–
Cash and bank balances	8,360,921	14,588,053	8,088,819	14,154,624
	<u>8,417,279</u>	<u>14,647,459</u>	<u>8,088,819</u>	<u>14,154,624</u>

The fixed deposits comprise of amount denominated in Taka 4,684,725 (2017: Taka 4,657,427) which earns interest at rates of 1.25% per annum (2017: 1.5% per annum) during the financial year.

No fixed deposits have been pledged as a performance guarantee to suppliers (2017: Nil).

13. Trade and other payables

	Group		Company	
	2018 US\$	2017 US\$	2018 US\$	2017 US\$
Trade payables				
- External	92,181,696	71,954,705	90,643,273	69,632,692
- Amount due to holding company	–	50,985	–	50,985
- Amount due to a related company	–	185,529	–	185,529
Loan due from an external party	2,142,272	495,923	2,142,272	495,923
Accrued operating expenses	2,252,911	2,599,220	2,075,759	2,469,676
Customers' deposit	2,669,891	3,798,578	2,669,891	3,797,643
Other payables	270,278	298,636	–	–
Total trade and other payables	<u>99,517,048</u>	<u>79,383,576</u>	<u>97,531,195</u>	<u>76,632,448</u>
Total financial liabilities carried at amortised cost	<u>99,517,048</u>	<u>79,383,576</u>	<u>97,531,195</u>	<u>76,632,448</u>

Trade payables/other payables

These amounts are non-interest bearing. These are normally settled within 90 days.

Redington Distribution Pte Ltd and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2018

13. Trade and other payables (continued)

Loan due to an external party

The Company has agreed on an instalment payment arrangement with an external party amounting to US\$ 2,142,272 (2017: US\$ 495,923) for a three-year instalment payment on equal quarterly basis. The external party retains the right to recall the amount due to them on demand.

This amount is unsecured, interest free and expected to be settled in cash.

14. Share capital

	Group and Company	
	2018	2017
	US\$	US\$
Issued and fully paid: -		
3,800,000 ordinary shares	4,000,000	4,000,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

15. Other reserves

Employee share option reserve

Employee share option reserve represents the equity-settled share options granted to director and employees. The reserve is made up of the cumulative value of services received from director and employees recorded over the vesting period commencing from the grant date of equity-settled share options.

	Group and Company	
	2018	2017
	US\$	US\$
At 1 April	481,476	481,476
Granted	17,124	—
At 31 March	498,600	481,476

Employee Stock Option Plan 2008

The director and employees of the Company are eligible to participate in the Share Option Plan ("Option Plan") of the holding company. Options are typically granted with an exercise price equal to or above fair market value on the date of grant. Under the Option Plan, options vest and become exercisable in instalments, generally on a rateable basis. The contractual life of the options is one to eight years. There are no cash settlement alternatives.

There were no share options as at 31 March 2018 and 31 March 2017.

15. Other reserves (continued)

Employee share option reserve (continued)

Stock Appreciation Right ("SAR") – 2017

On 30 December 2017 ("Grant Date"), the holding company granted 190,000 SAR to the employees of the Company over a vesting period of 3 years under the SAR Scheme 2017. Under the terms of this plan, the holding company entitles the employees to receive its equity shares equivalent to the increase in the value of one equity share from the Grant Date.

The SAR vests over the period of 3 years in the following manner: 10% at the end of year 1; 20% at the end of year 2 and 70% at the end of year 3 from the Grant Date.

The fair value of the shares granted, being US\$17,124 is recorded as "Staff salaries and benefits" under staff costs in the consolidated statement of profit or loss and other comprehensive income and under the "Equity-settled employee benefits reserve" in the consolidated statement of changes in equity.

The fair value of each share granted is estimated on the Grant Date using the following Black-Scholes option pricing model with the weighted average assumptions over the vesting period from the Grant Date.

Vesting Period

	2018	30 December 2019	2020
Market price (in US\$)	2.7	2.7	2.7
Expected life (in years)	2.5	3.5	4.5
Volatility (%)	30.88	33.94	36.92
Risk-free rate (%)	6.73	6.93	7.09
Exercise price (in US\$)	2.3	2.3	2.3
Dividend yield (%)	1.2	1.2	1.2
Fair value per vest (US\$)	0.9	1.0	1.2

Redington Distribution Pte Ltd and its Subsidiaries

Notes to the Financial Statements
For the financial year ended 31 March 2018

16. Related party transactions

(a) *Sale and purchase of goods and services*

In addition to the related party information disclosed elsewhere in the financial statements, the Group and the Company had the following transactions with holding and related companies on terms agreed between the relevant parties:

	Group		Company	
	2018 US\$	2017 US\$	2018 US\$	2017 US\$
Holding company: -				
- Sales	1,464,129	6,767,741	1,464,129	6,767,741
- Purchases	(81,843)	(280,543)	(81,843)	(280,543)
- Service Charges	43,444	-	43,444	-
Related companies: -				
- Fee Income	50,000	50,000	50,000	50,000
- Sales	-	1,097,441	-	1,097,441
- Purchases	-	(185,528)	-	(185,528)
Subsidiary companies: -				
- Sales	-	-	13,093,577	10,830,019
- Service charges	-	-	(308,135)	(198,705)

The above transactions are at rates agreed between the parties.

(b) *Compensation of key management personnel*

	Group		Company	
	2018 US\$	2017 US\$	2018 US\$	2017 US\$
Short term employee benefit	933,769	993,756	933,769	993,756
Contributions to defined contribution schemes	9,744	16,366	9,744	16,366
	943,513	1,010,122	943,513	1,010,122
Comprise amount paid to:				
- Director of the Company	943,513	1,010,122	943,513	1,010,122

Redington Distribution Pte Ltd and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2018**

17. Warranty provision

	Group	
	2018 US\$	2017 US\$
At 1 April 2017	20,576	14,286
Arose during the financial year	5,604	6,618
Exchange differences	(521)	(328)
	25,659	20,576

18. Derivatives

	Group			
	2018		2017	
	Contract/ Notional Amount	Assets	Contract/ Notional Amount	Assets
Forward currency contracts	4,929,089	–	3,408,000	–

Forward currency contracts are used to hedge foreign currency risk arising from the subsidiary of the Group, which sales and purchases are denominated in currencies other than the subsidiary's own functional currency (Sri Lanka Rupee).

19. Commitments

Operating lease commitments – as lessee

The Group and Company have entered into a commercial lease on office premises and warehouse. These leases have tenure of three years with renewal option included in the contracts. The Group and Company are restricted from subleasing the leased office and warehouse to third parties.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 March 2018 amounted to US\$392,888 (2017: US\$386,196).

Future minimum rental payable under operating leases at the end of the reporting period are as follows:

	Group		Company	
	2018 US\$	2017 US\$	2018 US\$	2017 US\$
Not later than one year	360,692	238,550	261,165	171,962
Later than one year but not later than five years	251,254	248,869	209,135	131,195
	611,946	487,419	470,300	303,157

20. Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk and liquidity risk. The policies for managing each of these risks are summarised below. The Group does not hold or engages derivative financial instruments.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The major classes of financial assets of the Group are cash and bank balances, bank deposits and trade receivables. For trade receivables, the Group adopts the policy of dealing only with customers of good credit history. Cash at banks are placed with or entered into with reputable financial institutions.

Credit exposure to an individual counterparty is guided by credit limits that are approved by the management. The counterparty's payment profile and credit exposure are continuously monitored by the management.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables, before allowance for impairment at the balance sheet date is as follow:

	Group	
	2018	2017
	US\$	US\$
By country:		
India	90,369,000	52,587,245
Sri Lanka	7,234,132	7,863,510
Bangladesh	4,956,505	5,161,842
Other countries	7,664,304	20,912,089
	110,223,941	86,524,686
	110,223,941	86,524,686

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 11.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Redington Distribution Pte Ltd and its Subsidiaries

Notes to the Financial Statements
For the financial year ended 31 March 2018

20. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group 2018	One year or less US\$	Total US\$
Financial assets:		
Trade and other receivables, excluding GST receivables (Note 11)	106,649,173	106,649,173
Cash and cash equivalents (Note 12)	8,417,279	8,417,279
Total undiscounted financial assets	115,066,452	115,066,452
Financial liabilities:		
Trade and other payables (Note 13)	99,517,048	99,517,048
Total undiscounted financial liabilities	99,517,048	99,517,048
Total net undiscounted financial assets	15,549,404	15,549,404
2017		
Financial assets:		
Trade and other receivables, excluding GST receivables (Note 11)	83,059,649	83,059,649
Cash and cash equivalents (Note 12)	14,647,459	14,647,459
Total undiscounted financial assets	97,707,108	97,707,108
Financial liabilities:		
Trade and other payables (Note 13)	79,383,576	79,383,576
Total undiscounted financial liabilities	79,383,576	79,383,576
Total net undiscounted financial assets	18,323,532	18,323,532

Redington Distribution Pte Ltd and its Subsidiaries

Notes to the Financial Statements
For the financial year ended 31 March 2018

20. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Company 2018	One year or less US\$	Total US\$
Financial assets:		
Trade and other receivables, excluding GST receivables (Note 11)	106,724,655	106,724,655
Cash and cash equivalents (Note 12)	8,088,819	8,088,819
	<hr/>	<hr/>
Total undiscounted financial assets	114,813,474	114,813,474
	<hr/>	<hr/>
Financial liabilities:		
Trade and other payables (Note 13)	97,531,195	97,531,195
	<hr/>	<hr/>
Total undiscounted financial liabilities	97,531,195	97,531,195
	<hr/>	<hr/>
Total net undiscounted financial assets	17,282,279	17,282,279
	<hr/> <hr/>	<hr/> <hr/>
2017		
Financial assets:		
Trade and other receivables, excluding GST receivables (Note 11)	81,761,961	81,761,961
Cash and cash equivalents (Note 12)	14,154,624	14,154,624
	<hr/>	<hr/>
Total undiscounted financial assets	95,916,585	95,916,585
	<hr/>	<hr/>
Financial liabilities:		
Trade and other payables (Note 13)	76,632,448	76,632,448
	<hr/>	<hr/>
Total undiscounted financial liabilities	76,632,448	76,632,448
	<hr/>	<hr/>
Total net undiscounted financial assets	19,284,137	19,284,137
	<hr/> <hr/>	<hr/> <hr/>

21. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital structure in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and business performance. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2018 and 31 March 2017.

Redington Distribution Pte Ltd and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2018**

22. Dividends on ordinary shares

	Group	
	2018	2017
	US\$	US\$
Declared and paid during the financial year:		
<i>Dividends on ordinary shares:</i>		
- Final exempt (one-tier) dividend for 2018: 67.42 cents (2017: 61.32 cents) per share	2,562,000	2,330,000

23. Authorisation of financial statements

The financial statements for the financial year ended 31 March 2018 were authorised for issue in accordance with a resolution of the director on 14 May 2018.

**Redington International Mauritius Limited
and its Subsidiaries - Mauritius**

**Report and consolidated financial statements
for the year ended 31 March 2018**

Redington International Mauritius Limited and its Subsidiaries - Mauritius

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INDEPENDENT AUDITOR'S REPORT

The Shareholder
Redington International Mauritius Limited
Ebene
Mauritius

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Redington International Mauritius Limited, Mauritius** (the "Company") and its Subsidiaries (the "Group") which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2018, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors for the Consolidated Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Directors are responsible for overseeing the Group's financial reporting process.

Cont'd...

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 ISA 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- 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 consolidated financial statements or, if such disclosure 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors 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.

This report is made solely to the Company's shareholder, as a body. Our audit work has been undertaken so that we might state to the Company's shareholder those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

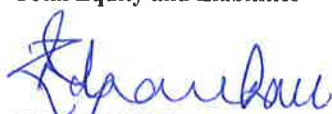
Deloitte & Touche (M.E.)

Cynthia Corby
Registration No. 995
17 May 2018
Dubai
United Arab Emirates



**Consolidated statement of financial position
as at 31 March 2018**

	Notes	2018 US\$	2017 US\$
ASSETS			
Non-current assets			
Property and equipment	6	12,121,409	13,125,100
Other intangible assets	7	40,065,869	39,285,747
Goodwill	8	3,259,193	3,259,193
Deferred tax asset	9(b)	656,439	376,756
Total non-current assets		56,102,910	56,046,796
Current assets			
Derivative financial asset	8(c)	259,816	372,105
Inventories	10	284,562,102	261,267,322
Trade and other receivables	11	508,947,075	427,588,744
Other financial assets	12	1,415,944	1,272,482
Cash and cash equivalents	13	53,365,602	82,032,529
Total current assets		848,550,539	772,533,182
Total Assets		904,653,449	828,579,978
EQUITY AND LIABILITIES			
Equity			
Share capital	14	27,668,025	27,668,025
Share premium		33,731,903	33,731,903
Capital reserve	15	45,655,936	45,655,936
Equity-settled employee benefits reserve		1,497,510	1,276,956
Cumulative translation adjustment reserve		(3,274,470)	(2,715,456)
Re-measurement of defined benefit obligation		(264,632)	(264,632)
Retained earnings	17	212,470,060	176,178,414
Equity attributable to equity holders of the Company		317,484,332	281,531,146
Non-controlling interests	1	54,101,881	55,217,914
Total Equity		371,586,213	336,749,060
Non-current liabilities			
Provision for employees' end-of-service indemnity	18	9,552,533	8,700,303
Deferred tax liability	9(b)	228,411	78,044
Total non-current liabilities		9,780,944	8,778,347
Current liabilities			
Bank borrowings	19	97,050,766	123,458,726
Trade and other payables	20	423,939,155	357,396,329
Income tax payable	9(a)	2,296,371	2,197,516
Total current liabilities		523,286,292	483,052,571
Total Liabilities		533,067,236	491,830,918
Total Equity and Liabilities		904,653,449	828,579,978


Director

The accompanying notes form an integral part of these consolidated financial statements

**Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 March 2018**

	Notes	2018 US\$	2017 US\$
Trading revenue		3,619,828,804	3,159,519,407
Service revenue		70,922,017	65,915,105
Cost of revenue		(3,508,649,206)	(3,049,992,937)
Gross profit		182,101,615	175,441,575
General and administrative expenses	22	(66,130,867)	(65,743,053)
Selling and distribution expenses	23	(67,169,089)	(65,177,732)
Profit from operations		48,801,659	44,520,790
Interest expense		(9,823,047)	(10,763,369)
Other income - net		1,742,106	2,139,336
Profit before tax		40,720,718	35,896,757
Income tax expense	9(c)	(3,838,885)	(6,035,472)
Profit for the year		36,881,833	29,861,285
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Transfer to cumulative translation adjustment reserve		(770,971)	(3,760,195)
Total comprehensive income for the year		36,110,862	26,101,090
Profit for the year attributable to:			
Equity holders of the Company		36,626,628	28,035,851
Non-controlling interests	1	255,205	1,825,434
		36,881,833	29,861,285
Total comprehensive income for the year attributable to:			
Equity holders of the Company		36,067,614	24,851,339
Non-controlling interests		43,248	1,249,751
		36,110,862	26,101,090

The accompanying notes form an integral part of these consolidated financial statements.

**Consolidated statement of changes in equity
for the year ended 31 March 2018**

	Share capital US\$	Share premium US\$	Capital reserve US\$	Equity settled employee benefits reserve US\$	Cumulative translation adjustment reserve US\$	Re- measurement of defined benefit obligation US\$	Retained earnings US\$	Equity attributable to equity holders of the Company US\$	Non- controlling interests US\$	Total US\$
Balance as at 1 April 2016	27,668,025	33,731,903	45,655,936	1,276,956	469,056	(264,632)	148,545,764	257,083,008	55,452,887	312,535,895
Profit for the year	-	-	-	-	-	-	28,035,851	28,035,851	1,825,434	29,861,285
Cumulative translation adjustment reserve	-	-	-	-	(3,184,512)	-	-	(3,184,512)	(575,683)	(3,760,195)
Total comprehensive income for the year	-	-	-	-	(3,184,512)	-	28,035,851	24,851,339	1,249,751	26,101,090
Acquisition of non-controlling interest [Note 8(b)]	-	-	-	-	-	-	(403,201)	(403,201)	(791,739)	(1,194,940)
Disposal of a subsidiary (Note 16)	-	-	-	-	-	-	-	-	(692,985)	(692,985)
Balance as at 31 March 2017	27,668,025	33,731,903	45,655,936	1,276,956	(2,715,456)	(264,632)	176,178,414	281,531,146	55,217,914	336,749,060
Profit for the year	-	-	-	-	-	-	36,626,628	36,626,628	255,205	36,881,833
Cumulative translation adjustment reserve	-	-	-	-	(559,014)	-	-	(559,014)	(211,957)	(770,971)
Total comprehensive income for the year	-	-	-	-	(559,014)	-	36,626,628	36,067,614	43,248	36,110,862
Acquisition of non-controlling interest [Note 8(b)]	-	-	-	-	-	-	(317,924)	(317,924)	(857,844)	(1,175,768)
Recognized from incorporation of subsidiaries (Note 1)	-	-	-	-	-	-	-	-	178,331	178,331
Dividend paid to local sponsors of subsidiaries (Note 30)	-	-	-	-	-	-	(17,058)	(17,058)	-	(17,058)
Dividend paid to NCI (Note 30)	-	-	-	-	-	-	-	-	(479,768)	(479,768)
Stock appreciation rights granted to employees (Note 24)	-	-	-	220,554	-	-	-	220,554	-	220,554
Balance as at 31 March 2018	27,668,025	33,731,903	45,655,936	1,497,510	(3,274,470)	(264,632)	212,470,060	317,484,332	54,101,881	371,586,213

The accompanying notes form an integral part of these consolidated financial statements.

**Consolidated statement of cash flows
for the year ended 31 March 2018**

	2018 US\$	2017 US\$
Cash flows from operating activities		
Profit before taxation	40,720,718	35,896,757
Adjustments for:		
Depreciation of property and equipment	3,393,281	3,464,840
Provision for employees' end-of-service indemnity	2,012,261	2,154,983
Amortisation of other intangible assets	2,161,047	2,109,344
Allowance for doubtful debts - specific	1,647,245	1,589,346
Gain on disposal of property and equipment	-	(42,314)
Gain on increase in fair value of derivative financial asset	(73,764)	(98,938)
Gain on disposal of subsidiary	-	(495,707)
Allowance/(reversal of allowance) for slow-moving inventories	215,686	(1,011,909)
Stock appreciation rights granted to employees	220,554	-
Interest expense	9,823,047	10,763,369
	<hr/>	<hr/>
Operating cash flow before changes in operating assets and liabilities	60,120,075	54,329,771
Increase in other financial assets	(143,462)	(45,937)
(Increase)/decrease in trade and other receivables	(83,005,576)	82,885,760
(Increase)/decrease in inventories	(23,510,466)	47,530,015
Increase/(decrease) in trade and other payables	66,337,972	(6,427,351)
	<hr/>	<hr/>
Cash generated from operations	19,798,543	178,272,258
Employees' end-of-service indemnity paid	(1,160,031)	(1,127,335)
Income tax paid	(3,563,611)	(5,234,380)
	<hr/>	<hr/>
Net cash from operating activities	15,074,901	171,910,543
	<hr/>	<hr/>
Cash flows from investing activities		
Purchase of property and equipment	(2,822,111)	(3,919,064)
Net cash outflow on acquisition of non-controlling interest [Note 8(b)]	(989,715)	(1,154,175)
Purchase of other intangible assets	(2,941,169)	(607,029)
Net cash inflow on incorporation of subsidiaries	178,331	-
Proceeds from disposal of property and equipment	432,521	376,504
	<hr/>	<hr/>
Net cash used in investing activities	(6,142,143)	(5,303,764)
	<hr/>	<hr/>
Cash flows from financing activities		
Repayment of bank borrowings under trust receipts	(26,581,003)	(107,864,743)
Proceeds from/(repayment of) short term and long term loans	671,781	(15,963,166)
Repayment of bank overdraft	(498,737)	(2,850,475)
Dividends paid	(496,826)	(555,153)
Interest paid	(9,618,193)	(10,763,369)
	<hr/>	<hr/>
Net cash used in financing activities	(36,522,978)	(137,996,906)
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(27,590,220)	28,609,873
Cash and cash equivalents at the beginning of the year	82,032,529	57,760,004
Effects of exchange rate changes on cash and cash equivalents held in foreign currencies	(1,076,707)	(4,337,348)
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year (Note 13)	53,365,602	82,032,529
	<hr/> <hr/>	<hr/> <hr/>
<u>Non-cash transaction:</u>		
Disposal of a subsidiary (Note 16)	-	1,500,000
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form an integral part of these consolidated financial statements.

**Notes to the consolidated financial statements
for the year ended 31 March 2018**

1. Status and operations

- a) Redington International Mauritius Limited (the “Company”) was incorporated in Mauritius with limited liability on 16 July 2008 and is a holder of a Category 2 - Global Business Licence Company.
- b) The Company and its subsidiaries are together referred to as the “Group”.
- c) The parent and ultimate controlling party is Redington (India) Limited (the “Parent Company”).
- d) The principal activity of the Group is distribution of Information Technology and Telecommunication products and spare parts, providing hardware support and maintenance services for Information Technology and Telecommunication products.
- e) The address of the registered office of the Company is IFS Court, Bank Street, TwentyEight, Cybercity, Ebene, 72201, Mauritius.
- f) Details of the Company’s subsidiary at 31 March 2018 are as follow:

<i>Name of subsidiary</i>	<i>Ownership interest %</i>	<i>Beneficial interest %</i>	<i>Place of registration and operation</i>	<i>Principal activities</i>
Redington Gulf FZE (RGF)	100	100	Dubai, U.A.E.	Distribution of information technology products, providing hardware support and maintenance services.

The Company also controls the following sub-subsidiaries through its wholly owned subsidiary, RGF.

<i>Name of subsidiary</i>	<i>Ownership interest %</i>	<i>Beneficial interest %</i>	<i>Place of registration and operation</i>	<i>Principal activities</i>
Cadensworth FZE	100	100	Dubai, U.A.E.	Distribution of information technology products and spare parts.
Redington Middle East LLC	49	100	Dubai, U.A.E.	Distribution of information technology products, providing hardware support and maintenance services.
Cadensworth UAE LLC	49	100	Dubai, U.A.E.	Distribution of information technology products, providing hardware support and maintenance services.
Redington Gulf & Co. LLC	70	100	Ruwi, Oman	Distribution of information technology products, providing hardware support and maintenance services.
Linkplus Bilgisayar Sistemleri Sanayi ve Ticaret A.S.	90	90	Istanbul, Turkey	Distribution of information technology products.

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)**

1. Status and operations (continued)

<i>Name of subsidiary</i>	<i>Ownership interest %</i>	<i>Beneficial interest %</i>	<i>Place of registration and operation</i>	<i>Principal activities</i>
Ensure Services Arabia LLC	100	100	Riyadh, Kingdom of Saudi Arabia	Providing hardware support and maintenance services.
Ensure IT Services (Pty) Ltd.	100	100	Johannesburg, South Africa	Providing hardware support and maintenance services.
Ensure Services Bahrain S.P.C. (formerly Redington Bahrain S.P.C.)	100	100	Manama, Kingdom of Bahrain	Providing hardware support and maintenance services.
Redington Gulf FZE Co	100	100	Erbil, Iraq	Distribution of information technology products, providing hardware support and maintenance services.
Redington Africa Distribution FZE	100	100	Dubai, U.A.E.	Distribution of information technology and telecommunication products.
Redington Egypt Ltd. (Limited Liability Company)	100	100	Cairo, Egypt	Distribution of information technology products, providing hardware support and maintenance services.
Africa Joint Technical Services	65	100	Tripoli, Libya	Providing hardware support and maintenance services.
Redington Morocco Ltd.	100	100	Casablanca, Morocco	Distribution of information technology products, providing hardware support and maintenance services.
Redington Kenya Limited	100	100	Nairobi, Kenya	Distribution of information technology products, providing hardware support and maintenance services.
Redington Kenya (EPZ) Limited	100	100	Nairobi, Kenya	Distribution of information technology products, providing hardware support and maintenance services.
Redington Tanzania Limited	100	100	Dar e saalam, Tanzania	Distribution of information technology products, providing hardware support and maintenance services.
Redington Uganda Limited	100	100	Kampala, Uganda	Distribution of information technology products, providing hardware support and maintenance services.
RNDC Alliance West Africa Limited	100	100	Lagos, Nigeria	Distribution of information technology and telecommunication products.

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)**

1. Status and operations (continued)

<i>Name of subsidiary</i>	<i>Ownership interest %</i>	<i>Beneficial interest %</i>	<i>Place of registration and operation</i>	<i>Principal activities</i>
CDW International Trading FZE	100	100	Dubai, U.A.E.	Trading of information technology and telecommunication products.
Redington Angola Ltd.	100	100	Luanda, Angola	Distribution of information technology products, providing hardware support and maintenance services.
Redington Nigeria Limited	100	100	Lagos, Nigeria	Distribution of information technology products, providing hardware support and maintenance services.
Redington Limited	100	100	Accra, Ghana	Distribution of information technology products, providing hardware support and maintenance services.
Redington Rwanda Ltd.	100	100	Kigali, Rwanda	Distribution of information technology products, providing hardware support and maintenance services.
Redington Turkey Holdings S.A.R.L. (RTHS)	100	100	Luxembourg City, Grand Duchy of Luxembourg	Investment in companies which are engaged in supply chain and related businesses.
Redington Kazakhstan LLP	100	100	Almaty, Kazakhstan	Distribution of information technology and telecommunication products.
Ensure Gulf FZE	100	100	Dubai, U.A.E.	Providing hardware support and maintenance services.
Proconnect Supply Chain Logistics LLC [Note 1(g)]	49	100	Dubai, U.A.E.	Providing logistic services.
Redington Senegal Limited S.A.R.L.	100	100	Dakar, Senegal	Distribution of information technology and telecommunication products.
Redington Saudi Arabia Distribution Company	75	100	Riyadh, Saudi Arabia	Distribution of information technology and telecommunication products.
Redserv Business Solutions Private Limited	100	100	Chennai, India	Business process consulting and outsourcing.
Citrus Consulting Services FZ LLC	60	60	Dubai, U.A.E.	Providing hardware support and maintenance service.
Redington Cote d'Ivoire SARL	100	100	Abidjan, Cote d'Ivoire	Distribution of Information technology and telecommunication products.

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)**

1. Status and operations (continued)

Redington Middle East LLC has the following subsidiaries:

<i>Name of subsidiary</i>	<i>Ownership interest %</i>	<i>Beneficial interest %</i>	<i>Place of registration and operation</i>	<i>Principal activities</i>
Redington Qatar Distribution W.L.L.	49	100	Doha, Qatar	Providing hardware support and maintenance services.
Redington Qatar W.L.L.	49	100	Dubai, U.A.E.	Providing hardware support and maintenance services.

Ensure Gulf FZE has the following subsidiaries:

<i>Name of subsidiary</i>	<i>Ownership interest %</i>	<i>Beneficial interest %</i>	<i>Place of registration and operation</i>	<i>Principal activities</i>
Ensure Technical Services (PTY) Ltd.	100	100	KwaZulu-Natal, South Africa	Providing hardware support and maintenance services.
Ensure Middle East Trading LLC	49	100	Dubai, U.A.E.	Providing hardware support and maintenance services.
Ensure Technical Services Kenya Limited	100	100	Nairobi, Kenya	Providing hardware support and maintenance services.
Ensure Technical Services Tanzania Limited	100	100	Dar e saalam, Tanzania	Providing hardware support and maintenance services.
Ensure Services Uganda Limited	100	100	Kampala, Uganda	Providing hardware support and maintenance services.
Ensure Solutions Nigeria Limited	99.9	100	Lagos, Nigeria	Providing hardware support and maintenance services.
Ensure Ghana Limited	100	100	Accra, Ghana	Providing hardware support and maintenance services.
Ensure Technical Services Morocco Limited (Sarl)	100	100	Casablanca, Morocco	Providing hardware support and maintenance services.
Ensure Middle East Technology Solutions LLC	49	100	Abu Dhabi, U.A.E.	Providing hardware support and maintenance services.

Proconnect Supply Chain Logistics LLC has the following subsidiary:

<i>Name of subsidiary</i>	<i>Ownership interest %</i>	<i>Beneficial interest %</i>	<i>Place of registration and operation</i>	<i>Principal activities</i>
Proconnect Saudi LLC	100	100	Riyadh, Saudi Arabia	Providing logistics services.

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)**

1. Status and operations (continued)

Redington Egypt Ltd. has the following subsidiary:

<i>Name of subsidiary</i>	<i>Ownership interest %</i>	<i>Beneficial interest %</i>	<i>Place of registration and operation</i>	<i>Principal activities</i>
Redington Distribution Company LLC	99	100	Cairo, Egypt	Distribution of information technology and telecommunication products.
Ensure Services Limited	99	100	Cairo, Egypt	Providing hardware support and maintenance services.

Redington Turkey Holdings S.A.R.L. has the following subsidiary:

<i>Name of subsidiary</i>	<i>Ownership interest %</i>	<i>Beneficial interest %</i>	<i>Place of registration and operation</i>	<i>Principal activities</i>
Arena Bilgisayar Sanayi ve Ticaret A.S. [Note 1(g)]	49.4	49.4	Istanbul, Turkey	Distribution of information technology and telecommunication products.

Arena Bilgisayar Sanayi ve Ticaret A.S. has the following subsidiaries:

<i>Name of subsidiary</i>	<i>Ownership interest %</i>	<i>Beneficial interest %</i>	<i>Place of registration and operation</i>	<i>Principal activities</i>
Arena International FZE	100	100	Dubai, U.A.E.	Computer software trading, computer equipment requisites trading, telephones and telecommunication equipment trading, computer and data processing requisites trading.
Sensonet Teknoloji Elektronik ve Bilisim Hizmetleri Sanayi Ve Ticaret A.S.	100	100	Istanbul, Turkey	Distribution of information technology and telecommunication products including surveillance equipment.
PayNet Odeme Hizmetleri A. S.	100	100	Istanbul, Turkey	Payment intermediation services.
Online Elektronik Ticaret Hizmetleri A.S.	90	90	Istanbul, Turkey	Online electronics retail and market.
Arena Mobile Iletisim Hizmetleri ve Turketici Elektronik Sanayi ve Ticaret A.S.	100	100	Istanbul, Turkey	Wholesale trade of mobile phones and other mobile devices.
Paynet (Kibris) Odeme Hizmetleri Limited	100	100	Gazimagusa, Cyprus	Payment intermediation services.

g) In entities listed above where the Company owns less than 50% of the equity shares, the Company has the power over these entities, is exposed to or has rights to variable returns from its involvement with these entities and has the ability to use its power over these entities to affect its returns and therefore exercises effective control. Consequently, these entities are considered as subsidiaries and sub-subsidiaries of the Company and are consolidated in these consolidated financial statements.

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)**

1. Status and operations (continued)

Non-controlling interests in subsidiaries

The table below shows details of non-wholly owned subsidiaries of the Group that have non-controlling interests:

Name of Subsidiary	Country of incorporation	Proportion of ownership interests and voting rights held by non-controlling interest		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2018	2017	2018	2017	2018	2017
		%	%	US\$	US\$	US\$	US\$
Arena Bilgisayar Sanayi ve Ticaret A.S.	Istanbul, Turkey	50.6	50.6	159,786	1,457,243	53,159,649	53,502,225
Linkplus Bilgisayar Sistemleri Sanayi ve Ticaret A.S.	Istanbul, Turkey	10	20	171,025	368,191	976,993	1,715,689
Citrus Consulting Services FZ- LLC	Dubai, U.A.E	40	-	(75,606)	-	(34,761)	-
Total				255,205	1,825,434	54,101,881	55,217,914

During the year ended 31 March 2018, the Group incorporated Online Elektronik Ticaret Hizmetleri A.S. with issued and paid-up share capital of US\$ 1,315,789 (TRY 5 million) and Citrus Consulting Services FZ-LLC with issued and paid-up share capital of US\$ 102,112 (AED 375,000). Non-controlling interest are 10% and 40%, respectively.

The summarised consolidated financial information below of a non-wholly owned subsidiary, Arena Bilgisayar Sanayi ve Ticaret A.S. (Arena), with a material non-controlling interest represents amounts before intragroup eliminations.

	2018 US\$	2017 US\$
Current assets	172,765,864	173,104,478
Non-current assets	1,587,153	1,404,277
Current liabilities	101,841,616	101,134,360
Non-current liabilities	646,106	809,539
Equity attributable to equity holders of the Company	71,818,528	72,564,855
Non-controlling interest	46,767	-
Profit for the year attributable to equity holders of the Company	522,210	3,035,923
Loss for the year attributable to non-controlling interest	(84,213)	-
	437,997	3,035,923

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)**

1. Status and operations (continued)

Non-controlling interests in subsidiaries (continued)

	2018 US\$	2017 US\$
Total comprehensive income attributable to equityholders of the Company	257,731	2,819,438
Total comprehensive loss attributable to non-controlling interest	(134,213)	-
Total comprehensive income	<u>123,518</u>	<u>2,819,438</u>
Net cash from operating activities	<u>2,659,359</u>	<u>8,402,126</u>
Net cash used in investing activities	<u>(762,913)</u>	<u>(908,653)</u>
Net cash used in financing activities	<u>(5,261,563)</u>	<u>(6,945,301)</u>

2. Application of new and revised International Financial Reporting Standards (IFRS)

2.1 New and revised IFRS applied with no material effect on the consolidated financial statements

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 April 2017, have been adopted in these consolidated financial statements.

Amendments to IAS 12 Income Taxes Recognition of Deferred Tax Assets for Unrealised Losses

The Group has applied these amendments for the first time in the current year. The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilise a deductible temporary difference.

The application of these amendments has had no significant impact on the Group's consolidated financial statements as deferred tax assets recognized by the group are not material.

Amendments to IAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of consolidated financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

The Group's liabilities arising from financing activities consist of bank borrowings. A reconciliation between the opening and closing balances of bank borrowings is provided in Note 19. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior period. Apart from the additional disclosure in aforementioned notes, the application of these amendments has had no impact on the Group's consolidated financial statements.

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)**

**2. Application of new and revised International Financial Reporting Standards (IFRS)
(continued)**

**2.1 New and revised IFRS applied with no material effect on the consolidated financial statements
(continued)**

Annual Improvements to IFRS Standards 2014 - 2016 Cycle - Amendments to IFRS 12

The Group has applied the amendments to IFRS 12 included in the Annual Improvements to IFRS 2014 - 2016 Cycle for the first time in the current year. The other amendments included in this package are not yet mandatorily effective and they have not been early adopted by the Group.

IFRS 12 states that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal company that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests. The application of these amendments has had no effect on the Group's consolidated financial statements as none of the Group's interests in these entities are classified, or included in a disposal Group that is classified, as held for sale.

2.2 New and revised IFRS in issue but not yet effective

The Group has not yet applied the following new and revised IFRS that have been issued but are not yet effective:

<u><i>New and revised IFRS</i></u>	<u><i>Effective for annual periods beginning on or after</i></u>
Annual Improvements to IFRS Standards 2014 - 2016 Cycle amending IFRS 1 and IAS 28.	1 January 2018
Annual Improvements to IFRS Standards 2015 - 2017 Cycle amending IFRS 3, IFRS 11, IAS 12 and IAS 23.	1 January 2019
IFRIC 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
The interpretation addresses foreign currency transactions or parts of transactions where:	
<ul style="list-style-type: none"> • there is consideration that is denominated or priced in a foreign currency; • the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and • the prepayment asset or deferred income liability is non-monetary. 	
IFRIC 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:	
<ul style="list-style-type: none"> • Whether tax treatments should be considered collectively; • Assumptions for taxation authorities' examinations; • The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and • The effect of changes in facts and circumstances. 	

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)**

**2. Application of new and revised International Financial Reporting Standards (IFRS)
(continued)**

2.2 New and revised IFRS in issue but not yet effective (continued)

<u>New and revised IFRS</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IFRS 2 <i>Share Based Payment</i> regarding classification and measurement of share based payment transactions.	1 January 2018
Amendments to IFRS 4 <i>Insurance Contracts</i> : Relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard.	1 January 2018
Amendments to IAS 40 <i>Investment Property</i> : Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.	1 January 2018
IFRS 9 <i>Financial Instruments</i> (revised versions in 2009, 2010, 2013 and 2014)	1 January 2018
IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments. A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 <i>Financial Instruments: Recognition and Measurement</i> .	
The standard contains requirements in the following areas:	
<ul style="list-style-type: none"> • Classification and measurement: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. • Impairment: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised. 	

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)**

**2. Application of new and revised International Financial Reporting Standards (IFRS)
(continued)**

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRS

*Effective for
annual periods
beginning on or after*

*IFRS 9 Financial Instruments (revised versions in 2009, 2010, 2013 and 2014)
(continued)*

1 January 2018

- **Hedge accounting:** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- **Derecognition:** The financial requirements for the derecognition of financial assets and financial liabilities are carried forward from IAS 39.

Amendments to IFRS 9 *Financial Instruments*: Relating to prepayment features with negative compensation. This amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

1 January 2018

Impact assessment of IFRS 9 *Financial Instruments*

Based on an analysis of the Group's financial assets and financial liabilities as at 31 March 2018 on the basis of the facts and circumstances that exist at that date, the management of the Group have assessed the impact of IFRS 9 to the Group's consolidated financial statements as follows:

Classification and measurement:

All other financial assets and financial liabilities will continue to be measured on the same bases as is currently adopted under IAS 39.

Impairment:

Financial assets measured at amortised cost, will be subject to the impairment provisions of IFRS 9.

The Group expects to apply the simplified approach to recognise lifetime expected credit losses for its trade receivables as required or permitted by IFRS 9. Management does not expect that the application of IFRS 9 will have a significant impact on the consolidated financial position and/or consolidated financial performance of the Group.

IFRS 15 Revenue from Contracts with Customers

1 January 2018

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)**

**2. Application of new and revised International Financial Reporting Standards (IFRS)
(continued)**

2.2 New and revised IFRS in issue but not yet effective (continued)

*Effective for
annual periods
beginning on or after*

New and revised IFRS

IFRS 15 Revenue from Contracts with Customers (continued)

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

Impact assessment of IFRS 15 Revenue from Contracts with Customers

The application of IFRS 15 from the annual period beginning 1 April 2018 will have an impact on the Group's consolidated financial statements in respect of revenue from contracts with customers. Based on analysis of the Group's revenues from contracts with customers, management of the Group has assessed the impact of IFRS 15 to the Group's consolidated financial statement as follows:

• **Performance obligations**

Management has preliminary assessed that sale of goods represents single performance obligation and accordingly, revenue will be recognised for the performance obligation when control over the corresponding good is transferred to the customer. The management has assessed that the performance obligations are satisfied at a point in time for sale of goods when the goods are delivered to the customer and the method currently used to measure the progress toward the complete satisfaction for the performance obligation will continue to be appropriate under IFRS 15.

• **Warranty obligations**

The Group neither provides warranty for product defects nor provide extended warranties as the warranties are provided by the vendors to the Group's customers. As such, the Group classifies such warranties as assurance-type warranties which will be accounted for under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* where appropriate, which is consistent with current practice.

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)**

**2. Application of new and revised International Financial Reporting Standards (IFRS)
(continued)**

2.2 New and revised IFRS in issue but not yet effective (continued)

*Effective for
annual periods
beginning on or after*

New and revised IFRS

IFRS 15 Revenue from Contracts with Customers (continued)

• **Disclosure**

Apart from providing more extensive disclosures on the Group's revenue transactions, management does not anticipate that the application of IFRS 15 will have a significant impact on the consolidated financial position and/or consolidated financial performance of the Group.

IFRS 16 Leases

1 January 2019

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Impact assessment of IFRS 16 Leases

As at 31 March 2018, the Group has non-cancellable operating lease commitments of US\$ 2,049,471. IAS 17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments as contained in Note 29. A preliminary assessment indicates that these arrangements will not meet the definition of a lease under IFRS 16.

In contrast, for finance leases where the Group is a lessee, as the Group has already recognised an asset and a related finance lease liability for the lease arrangement, and in cases where the Group is a lessor (for both operating and finance leases), the management of the Group do not anticipate that the application of IFRS 16 will have a significant impact on the amounts recognised in the Group's consolidated financial statements.

Amendments to IAS 28 *Investment in Associates and Joint Ventures*: Relating to long-term interests in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 *Financial Instruments* to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

1 January 2019

Amendments to IFRS 7 *Financial Instruments: Disclosures* relating to disclosures about the initial application of IFRS 9.

When IFRS 9 is first applied

IFRS 7 *Financial Instruments: Disclosures* relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.

When IFRS 9 is first applied

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)**

**2. Application of new and revised International Financial Reporting Standards (IFRS)
(continued)**

2.2 New and revised IFRS in issue but not yet effective (continued)

<u>New and revised IFRS</u>	<u>Effective for annual periods beginning on or after</u>
IFRS 17 <i>Insurance Contracts</i>	1 January 2021
IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 <i>Insurance Contracts</i> as of 1 January 2021.	
Amendments to IFRS 10 <i>Separate financial statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> (2011) relating to the treatment of the sale or contribution of assets from investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9, 15 and 16 as highlighted in previous paragraphs, may have no material impact on the consolidated financial statements of the Group in the year of initial application.

Management anticipates that IFRS 9 and 15 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2018 and IFRS 16 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2019.

3. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)****3. Basis of consolidation (continued)**

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated profit or from the date the Company gains control until the date when the Company ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

4. Significant accounting policies**Statement of compliance**

The consolidated financial statements have been prepared in accordance with IFRS.

These consolidated financial statements are presented in United States Dollars (US Dollar) since the functional and operating currencies of the key group companies are linked to US Dollar and the majority of the Group's business is transacted in US Dollars or linked currencies. The following is a summary of the significant accounting policies adopted:

Basis of accounting

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial asset which is valued at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method except for 'common control' transactions that are accounted for at book values. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

Notes to the consolidated financial statements for the year ended 31 March 2018 (continued)

4. Significant accounting policies (continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

Property and equipment

Property and equipment, other than capital work in progress, are stated at cost less accumulated depreciation and any recognised impairment loss. Capital work in progress is stated at cost less any recognised impairment loss. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when incurred.

The cost of property and equipment, other than capital work in progress, is depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Building	20
Warehouse equipment	5
Furniture and fixtures	4-10
Motor vehicles	3-5
Leasehold improvements	3-5
Office equipment	5-8
Computers	3-5

The estimated useful lives and depreciation method is reviewed at each year end, with the effect of any changes in estimate accounted for as a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)**

4. Significant accounting policies (continued)

Intangible assets

Intangible assets acquired separately

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

Intangible assets acquired in a business combination

Intangible assets that are acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The following useful lives are used in the calculation of amortisation.

	<u>Years</u>
Trade name	Indefinite
Customer relationship	7
Software	3 - 5
Non-competition agreement	4 - 5
Employment contracts	5
Contract based intangible assets	10

Derecognition of intangible assets

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

Impairment of tangible and intangible assets other than goodwill

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)****4. Significant accounting policies (continued)****Impairment of tangible and intangible assets other than goodwill (continued)**

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as expense immediately, unless the relevant asset is land or buildings other than investment property carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

Employee Benefits

Provisions for employees' end-of-service indemnity has been made in accordance with local labour laws of the countries where each entity is established and is based on current remuneration and accumulative years of service at the reporting date. The provision relating to employees' end-of-service indemnity is disclosed as a non-current liability.

Equity-settled share-based payments

The Group operates a number of equity-settled, share based compensation plans. The fair value of the employee services received in exchange for the grant of the shares/options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares/options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in the assumptions about the number of shares/options that are expected to vest. At each reporting date, the group revises its estimates of the number of shares/options that are expected to vest. It recognizes the impact of the revision to original estimates, if any, in the profit or loss, with a corresponding adjustment to retained earnings.

The Parent Company, Redington (India) Limited, has granted rights to its equity instruments to the employees of the Group and its subsidiaries conditional upon the completion of continuing service with the Group for a specified period. The total amount of the grant over the vesting period is determined by reference to the fair value of the equity instruments granted and is recognised in each period as an increase in the investment in the subsidiaries with a corresponding credit to retained earnings.

In the separate financial statements of the subsidiaries, the fair value of the employee services received in exchange for the grant of the equity instruments of the Group is recognised as an expense with a corresponding credit to equity.

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)****4. Significant accounting policies (continued)****Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and,
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service revenue

Service revenue represents income generated from providing hardware support and maintenance services, logistics services and payment intermediation services and is recognised when the service is rendered.

Taxation

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

Current tax

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

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)****4. Significant accounting policies (continued)****Taxation (continued)***Deferred tax (continued)*

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

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

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

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in US Dollar since the functional and operating currencies of the key group companies are linked to the US Dollar and the majority of the Group's business is transacted in US Dollars or linked currencies.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the consolidated statement of profit or loss and other comprehensive income in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in US Dollars using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and recognised in the Group's cumulative translation adjustment. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)****4. Significant accounting policies (continued)****Financial instruments**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

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

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All financial assets held by the Group are classified as 'loans and receivables'.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables including trade and other receivables (excluding advance to suppliers, prepayments, receivables from suppliers and withholding tax receivable), other financial assets and cash and cash equivalents are measured at amortised cost using the effective interest method, less any impairment.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of trade receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on trade receivables.

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)****4. Significant accounting policies (continued)****Financial instruments (continued)***Financial assets (continued)**Impairment of financial assets (continued)*

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written-off against the allowance account.

Subsequent recoveries of amounts previously written-off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)****4. Significant accounting policies (continued)****Financial instruments (continued)***Financial liabilities and equity instruments**Classification as debt or equity*

Debt and equity instruments issued by the Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including bank borrowings and trade and other payables (excluding allowances for general risks, value-added tax payable and advances from customers) are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

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

Call options

Call options are valued using an option pricing model which takes into account key inputs such as the current stock price, option strike price and time to expiration of the option.

Leases

Leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)****5. Critical accounting judgments and key sources of estimation uncertainty in applying the Group's accounting policies*****Critical judgments in applying the Group's accounting policies***

In the process of applying the Group's accounting policies, which are described in Note 4 to the consolidated financial statements, management has made the following judgments that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

Warranties

The Group's Original Equipment Manufacturer ("OEM") generally warrants the products distributed by the Group and these are assurance warranties provided in the normal course of business relating to product performance. The Group generally does not independently warrant the products it distributes and management does not consider that any provision for warranties or claims is required.

Intangible asset - Trade name

Management considers that the acquired trade name, encompassing trademark, brand name, reputation and standing in the industry, which is separately identifiable and controlled by the Group, has an indefinite useful life, and is best valued using the 'relief from royalty' method in which a rate of 0.75% of revenue has been employed by the Group. Management considers this to have an indefinite useful life on the basis that there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows.

Key sources of estimation uncertainty

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

Allowance for doubtful debts - specific

Allowance for doubtful debts is determined using a combination of factors to ensure that the trade receivables are not overstated due to uncollectability. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and ageing of trade receivables, continuing credit evaluation of the customers' financial conditions and credit insurance in place. Also, specific allowances for individual uninsured accounts are recorded when the Group becomes aware of the customer's inability to meet its financial obligations such as in the case of deterioration in the customer's operating results or financial position.

Inventory obsolescence

Inventories are stated at the lower of cost and net realisable value (net of price protection rebates). Adjustments to reduce the cost of inventory to its realisable value, if required, are made at the product group level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, rapid technological changes, product life cycle, product pricing, physical deterioration and quality issues. Revisions to these adjustments would be required if these factors differ from the estimates.

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)**

5. Critical accounting judgments and key sources of estimation uncertainty in applying the Group's accounting policies (continued)

Key sources of estimation uncertainty (continued)

Allowance for general risks

In addition to specific allowance for doubtful debts, management consider it necessary to build an allowance for other risks based on a percentage of third party sales. Such provision is maintained in order to cover the general country related and economic and political risks which may affect customer account balances for which specific allowance has not been made and other receivables. Factors influencing this provision can relate to devaluation of currency in particular countries, unanticipated geopolitical risk which may affect recovery of inventory, cash or receivables. Revisions to this provision would be required if these factors differ from estimates.

Original Equipment Manufacturer ("OEM") supplier programs

OEM suppliers formulate programs for inventory volume promotion programs and price protection rebates. Inventory volume promotion programs and price protection rebates are recorded as a reduction of cost of sales. The rebates are accrued based on the terms of the program and sales of qualifying products. Some of these programs may extend over one or more quarterly reporting periods. The Group tracks vendor promotional programs for volume discounts on a program-by-program basis. Once the program is implemented, the benefit of the program based on the actual volume is recorded as a receivable from vendors with a corresponding reduction in the cost of sales. Concurrently, the vendor receivable is collected generally through reductions authorised by the vendor to accounts payable. The Group monitors the balances of receivables from vendors on a monthly basis. Actual rebates may vary based on volume or other sales achievement levels, which could result in an increase or reduction in the estimated amounts previously accrued. OEM suppliers may change the terms of some or all these programs or cease them altogether. Any such change could impact the gross margins on products or revenue earned.

Customer incentive

The Group accrues for rebates for its customers based on contracted percentages on the total sales made during the year and based on fulfilment of the related obligations, which require management to ascertain the target met by its customers during the period of agreement.

Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)

6. Property and equipment

	Building US\$	Warehouse equipment US\$	Furniture and fixtures US\$	Motor vehicles US\$	Leasehold improvements US\$	Office equipment US\$	Computers US\$	Total US\$
Cost								
At 1 April 2016	6,722,319	1,821,488	15,119,065	1,915,085	714,543	8,712,973	2,870,384	37,875,857
Additions/transfers	-	901,744	1,428,817	107,060	1,254	541,398	938,791	3,919,064
Disposals	-	-	(687,052)	(177,025)	(404,401)	(232,882)	(151,730)	(1,653,090)
At 31 March 2017	6,722,319	2,723,232	15,860,830	1,845,120	311,396	9,021,489	3,657,445	40,141,831
Additions/transfers	-	115,981	1,416,642	134,073	244,486	295,958	614,971	2,822,111
Disposals	-	-	(701,812)	(181,804)	-	(161,337)	(78,519)	(1,123,472)
At 31 March 2018	6,722,319	2,839,213	16,575,660	1,797,389	555,882	9,156,110	4,193,897	41,840,470
Accumulated depreciation								
At 1 April 2016	1,875,804	1,419,831	11,523,678	1,463,981	566,476	6,315,250	1,705,771	24,870,791
Charge for the year	336,115	306,604	996,090	161,732	26,336	909,526	728,437	3,464,840
Eliminated on disposals	-	-	(498,787)	(152,366)	(337,658)	(197,753)	(132,336)	(1,318,900)
At 31 March 2017	2,211,919	1,726,435	12,020,981	1,473,347	255,154	7,027,023	2,301,872	27,016,731
Charge for the year	336,116	346,163	1,065,656	140,550	7,403	659,749	837,644	3,393,281
Eliminated on disposals	-	-	(365,366)	(153,713)	-	(124,264)	(47,608)	(690,951)
At 31 March 2018	2,548,035	2,072,598	12,721,271	1,460,184	262,557	7,562,508	3,091,908	29,719,061
Carrying amount								
At 31 March 2018	4,174,284	766,615	3,854,389	337,205	293,325	1,593,602	1,101,989	12,121,409
At 31 March 2017	4,510,400	996,797	3,839,849	371,773	56,242	1,994,466	1,355,573	13,125,100

The building consists of a distribution centre in Jebel Ali Free Zone which is constructed on land leased for a period of 20 years expiring in 2027.

Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)

7. Other intangible assets

a)	Trade name US\$	Customer relationship US\$	Employment contracts US\$	Contract based intangible assets US\$	Software US\$	Non- competition agreement US\$	Work in progress US\$	Total US\$
Cost								
At 1 April 2016	33,851,100	5,903,282	562,000	1,518,824	8,198,792	1,538,462	33,111	51,605,571
Additions during the year	-	-	-	-	607,029	-	-	607,029
Disposal of a subsidiary (Note 16)	-	-	(562,000)	(1,518,824)	-	-	-	(2,080,824)
Transfers	-	-	-	-	33,111	-	(33,111)	-
At 31 March 2017	33,851,100	5,903,282	-	-	8,838,932	1,538,462	-	50,131,776
Additions during the year	-	-	-	-	2,433,154	-	508,015	2,941,169
At 31 March 2018	33,851,100	5,903,282	-	-	11,272,086	1,538,462	508,015	53,072,945
Accumulated amortisation								
At 1 April 2016	-	3,483,425	168,456	227,963	3,756,285	1,538,462	-	9,174,591
Amortisation during the year	-	423,515	11,205	30,282	1,644,342	-	-	2,109,344
Disposal of a subsidiary (Note 16)	-	-	(179,661)	(258,245)	-	-	-	(437,906)
At 31 March 2017	-	3,906,940	-	-	5,400,627	1,538,462	-	10,846,029
Amortisation during the year	-	271,262	-	-	1,889,785	-	-	2,161,047
At 31 March 2018	-	4,178,202	-	-	7,290,412	1,538,462	-	13,007,076
Carrying amounts								
At 31 March 2018	33,851,100	1,725,080	-	-	3,981,674	-	508,015	40,065,869
At 31 March 2017	33,851,100	1,996,342	-	-	3,438,305	-	-	39,285,747

Work-in-progress represented costs incurred as at the reporting date on the development of the Group's accounting software.

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)**

7. Other intangible assets (continued)

	2018 US\$	2017 US\$
b)		
With finite useful life	6,214,769	5,434,647
With indefinite useful life	33,851,100	33,851,100
	<u>40,065,869</u>	<u>39,285,747</u>

As at 31 March 2018 and 2017, there were no indicators for impairment of other intangible assets.

c) One of the subsidiaries of the Group signed a non-compete agreement with its former chief executive officer. Based on the terms of the non-compete agreement, the former chief executive officer agreed not to compete with the subsidiary and not to engage in any business transaction which may harm the subsidiary's relations with its business partners until 30 June 2016. In return, the subsidiary had committed to pay a non-compete fee amounting to US\$ 1,538,462 to the former chief executive. The non-compete agreement had been accounted for as an intangible asset with a corresponding liability recorded to reflect the amount payable. The non-compete fee was paid on 30 June 2014 and has been fully amortised.

8. Goodwill

	2018 US\$	2017 US\$
a)		
Balance at 1 April	3,259,193	3,542,216
Disposal of a subsidiary (Note 16)	-	(283,023)
Balance at 31 March	<u>3,259,193</u>	<u>3,259,193</u>

Goodwill has been allocated for impairment testing purposes to the following cash-generating units:

	2018 US\$	2017 US\$
Arena Bilgisayar Sanayi ve Ticaret A.S.	2,888,672	2,888,672
Linkplus Bilgisayar Sistemleri Sanayi Ve Ticaret AS	370,521	370,521
	<u>3,259,193</u>	<u>3,259,193</u>

The recoverable amount of the above cash-generating units are determined based on a value-in-use calculation which uses cash flow projections based on financial budgets prepared by management covering a five-year period, after which an estimated long term growth rate of 1.5% (2017: 1.5%) for Arena and 3% (2017: 3%) for Linkplus is applied, and a weighted average cost of capital of 14.06% (2017: 13.66%) for Arena and 22.03% (2017: 22.07%) for Linkplus per annum.

The Directors believe that any reasonable change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)**

8. Goodwill (continued)

b) On 22 May 2017, the Group acquired an additional 10% of Linkplus Bilgisayar Sistemleri Sanayi Ve Ticaret A.S. (Linkplus) with a carrying value of US\$ 857,844 for a consideration of US\$ 1,175,768 inclusive of a call option of US\$ 186,053 which was exercised.

On 11 May 2016, the Group acquired an additional 10% of Linkplus with carrying value of US\$ 791,739 for a consideration of US\$ 1,194,940 inclusive of a call option of US\$ 40,765 which was exercised.

These being a common control transaction, the premium of US\$ 317,924 (2017: US\$ 403,201) paid over the carrying value is recognized as a reduction from retained earnings.

c) Movement on the call option is as follows:

	2018 US\$	2017 US\$
Balance at the beginning of the year	372,105	313,932
Exercised during the year	(186,053)	(40,765)
Gain on increase in fair value	73,764	98,938
	<u>259,816</u>	<u>372,105</u>

The remaining call option represents the option of RGF to purchase the remaining 10% interest of Linkplus.

9. Taxation

The Group is subject to taxation in Kuwait, Qatar, Senegal, Egypt, Kingdom of Saudi Arabia, Oman, Morocco, Tanzania, South Africa, Ghana, Uganda, Nigeria, Kenya, India, Kazakhstan, Cote d'Ivoire, Angola, Rwanda, Cyprus, Turkey and Luxembourg where the subsidiaries operate. The income tax rates of the Group range from 10% to 30%.

a) The movement of income tax payable is as follows:

	2018 US\$	2017 US\$
Balance at the beginning of the year	2,197,516	1,905,910
Charge for the year	3,662,466	5,525,986
Tax paid during the year	(3,563,611)	(5,234,380)
Balance at the end of the year	<u>2,296,371</u>	<u>2,197,516</u>

b) The movement in deferred tax asset and liability are as follows:

Deferred tax asset

Balance at the beginning of the year	376,756	810,300
Deferred tax expense for the year	(26,052)	(880,600)
Disposal of a subsidiary (Noted 16)	-	(130,097)
Exchange rate effect	305,735	577,153
Balance at the end of the year	<u>656,439</u>	<u>376,756</u>

Deferred tax liability

Balance at the beginning of the year	(78,044)	(449,158)
Deferred tax expense for the year	(150,367)	371,114
Balance at the end of the year	<u>(228,411)</u>	<u>(78,044)</u>

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)**

9. Taxation (continued)

c) Tax expense for the year is as follows:

	2018 US\$	2017 US\$
Current taxation	3,662,466	5,525,986
Deferred taxation	176,419	509,486
	<u>3,838,885</u>	<u>6,035,472</u>

10. Inventories

	2018 US\$	2017 US\$
Goods held for sale	278,383,193	256,513,313
Less: Allowance for slow-moving items	(2,784,928)	(2,569,242)
	<u>275,598,265</u>	<u>253,944,071</u>
Goods in transit	8,963,837	7,323,251
	<u>284,562,102</u>	<u>261,267,322</u>

Movement in allowance for slow-moving items:

	2018 US\$	2017 US\$
Opening balance	2,569,242	3,581,151
Allowance/(reversal of allowance) for slow-moving inventories	215,686	(1,011,909)
	<u>2,784,928</u>	<u>2,569,242</u>

11. Trade and other receivables

	2018 US\$	2017 US\$
Trade receivables	475,445,133	404,558,064
Less: Allowance for doubtful debts	(7,350,965)	(8,102,141)
	<u>468,094,168</u>	<u>396,455,923</u>
Receivables from suppliers	17,311,027	12,951,903
Other receivables	11,897,555	3,595,854
Advance to suppliers	5,795,676	6,104,557
Prepayments	3,730,042	5,929,521
Deposits	1,422,814	1,522,804
Staff advances	493,981	718,018
Withholding tax receivable	201,812	310,164
	<u>508,947,075</u>	<u>427,588,744</u>

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)**

11. Trade and other receivables (continued)

Management considers that the carrying amount of trade and other receivables approximates their fair value.

The average credit period on sales of goods and services is 47 days (2017: 50 days). No interest is charged on the past due trade receivables. The Group has provided fully for all receivables that are not recoverable in the opinion of the management.

There are no customers who represent more than 10% of the total balance of trade receivables.

Included in the Group's trade receivable balance are debtors with a carrying amount of US\$ 48.6 million (2017: US\$ 43.3 million) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in the credit quality and the amounts are still considered recoverable.

	2018 US\$	2017 US\$
<i>Ageing of past due but not impaired:</i>		
1-30 days overdue	25,289,443	17,839,505
31-60 days overdue	11,668,311	3,993,629
61-90 days overdue	3,058,246	4,598,334
Over 90 days overdue	8,663,006	16,836,671
Total	48,679,006	43,268,139
<i>Movement in the specific allowance for doubtful debts:</i>		
Balance at the beginning of the year	8,102,141	7,213,596
Impairment losses recognised during the year	1,647,245	1,589,346
Amount written-off as uncollectible	(2,398,421)	(700,801)
Balance at end of the year	7,350,965	8,102,141

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit allowance required in excess of the allowance for doubtful debts.

	2018 US\$	2017 US\$
<i>Ageing of impaired trade receivables:</i>		
Over 90 days overdue	7,350,965	8,102,141

12. Other financial assets

	2018 US\$	2017 US\$
Margin deposits	1,415,944	1,272,482

Margin deposits are held by banks against letters of guarantee [Note 28(a)].

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)**

13. Cash and cash equivalents

	2018 US\$	2017 US\$
Cash on hand	440,191	330,404
Bank balances:		
Current accounts	42,674,049	67,806,585
Short-term deposits	10,251,362	13,895,540
	<u>53,365,602</u>	<u>82,032,529</u>

Short-term deposits have original maturity period of 3 months or less and carry an average interest rate of 1.4% per annum (2017: 3.29% per annum).

14. Share capital

Share capital comprises 27,668,025 authorised and fully paid shares of US\$ 1 each.

15. Capital reserve

Capital reserve represents the excess of book value of net assets over the purchase consideration paid for entities acquired which were under common control.

16. Disposal of a subsidiary

On 31 March 2017, the Group disposed of Adeo Bilisim Danismanlik Hizmetleri San. Ve Tic. A.S. The net assets of the subsidiary at date of disposal were as follow:

	US\$
<i>Assets</i>	
Cash and cash equivalents	136,497
Trade and other receivables	1,689,789
Inventories	107,582
Deferred tax asset	130,097
Intangible assets	1,642,918
Total assets	<u>3,706,883</u>
<i>Liabilities</i>	
Bank borrowings	116,214
Trade and other payables	2,141,725
Provision for employees' end-of-service indemnity	34,689
Total liabilities	<u>2,292,628</u>
Total net assets	1,414,255
Non-controlling interest	(692,985)
	<u>721,270</u>
Goodwill	283,023
Identifiable net assets	1,004,293
Sale proceeds receivable	1,500,000
	<u>495,707</u>

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)**

17. Retained earnings

Retained earnings include US\$ 156,238 (2017: US\$ 40,845) representing statutory reserves required by the local laws of the countries where subsidiaries are established, created by allocating a certain mandated percentage of the profits for the year to these statutory reserves. These reserves are not distributable except as provided by the relevant country's law.

18. Provision for employees' end-of-service indemnity

	2018 US\$	2017 US\$
Balance at the beginning of the year	8,700,303	7,707,344
Amount charged to income for the year	2,012,261	2,154,983
Disposal of a subsidiary (Note 16)	-	(34,689)
Amounts paid during the year	(1,160,031)	(1,127,335)
Balance at the end of the year	9,552,533	8,700,303

19. Bank borrowings

	2018 US\$	2017 US\$
Trust receipts	60,695,914	87,276,917
Short term loans	34,860,549	34,188,768
Overdraft	1,494,303	1,993,041
	97,050,766	123,458,726

a) Bank borrowings amounting to US\$ 60.70 million (2017: US\$ 87.27 million) are secured by assignment of insurance policies over inventories on a pari-passu basis.

b) Short term loans and trust receipts amounting to US\$ 34.86 million (2017: US\$ 34.19 million) and US\$ 60.70 million (2017: US\$ 87.3 million), respectively, are repayable within one year and are at floating rates of interest.

c) Movement in bank borrowings is as follows:

	Trust receipts US\$	Short-term loans US\$	Overdraft US\$	Total US\$
Balance at the beginning of the year	87,276,917	34,188,768	1,993,041	123,458,726
New loans availed during the year	2,431,134,541	496,141,394	16,827,877	2,944,103,812
Repayments made during the year	(2,457,715,544)	(495,469,613)	(17,326,614)	(2,970,511,771)
Balance at the end of the year	60,695,914	34,860,549	1,494,304	97,050,767

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)**

20. Trade and other payables

	2018 US\$	2017 US\$
Trade payables	365,247,178	308,271,904
Accrued expenses and other payables	49,698,257	34,897,467
Advances from customers	8,993,720	14,226,958
	<u>423,939,155</u>	<u>357,396,329</u>

21. Related party transactions

The Group enters into transactions with the companies and entities that fall within the definition of a related party as contained in IAS 24 *Related Party Disclosures*. Related parties comprise companies and entities under common ownership and/or common management and control and key management personnel.

Management decides on the terms and conditions of the transactions and of services received/rendered from/to related parties as well as on other charges.

The following is a summary of transactions with related parties, which are included in the consolidated financial statements:

	2018 US\$	2017 US\$
<i>Entity under common control:</i>		
Service fee paid	<u>50,000</u>	<u>50,000</u>

Compensation of key management personnel

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

	2018 US\$	2017 US\$
Salaries and benefits	3,716,393	4,204,011
Long-term benefits	72,112	71,505
Management services company fee	2,500	2,500
	<u>3,791,005</u>	<u>4,278,016</u>

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)**

22. General and administrative expenses

	2018 US\$	2017 US\$
Staff salaries and benefits	28,302,690	27,639,346
Rent	7,374,494	7,701,588
Insurance	5,188,990	4,326,382
Software expenses	3,509,208	3,692,693
Depreciation of property and equipment	3,393,281	3,464,840
Communication expenses	2,102,251	2,666,295
Bank charges	3,729,296	2,658,302
Amortisation of intangible assets	2,161,047	2,109,344
Repair and maintenance	1,198,250	1,182,540
Consultancy expenses	1,384,133	1,069,086
Traveling	1,455,095	1,344,854
Legal and professional charges	789,588	520,279
Allowance/(reversal of allowance) for slow-moving inventories	215,686	(1,011,909)
Others	5,326,858	8,379,413
	<u>66,130,867</u>	<u>65,743,053</u>

23. Selling and distribution expenses

	2018 US\$	2017 US\$
Staff salaries and benefits	40,889,249	38,168,621
Sales promotion	14,496,638	16,348,657
Freight outwards	4,192,128	2,336,988
Traveling	2,112,445	2,993,385
Allowance for doubtful debts - specific	1,647,245	1,589,346
Warehousing charges	1,483,781	1,455,795
Advertisement	668,059	461,847
Others	1,679,544	1,823,093
	<u>67,169,089</u>	<u>65,177,732</u>

24. Equity-settled share-based payments

a) Options issued to employees under the Employee Stock Option Plan

Share Purchase options granted by the Parent Company to employees under the Employee Stock Option Plan are measured at the fair value of the equity instruments at the grant date on 29 February 2008. As at the reporting date, all options are vested.

b) Shares issued to employees under the Share Appreciation Rights (SAR) Scheme 2017

On 30 December 2017 ("Grant Date"), the Parent Company, granted 2,425,000 options to the employees of the Group over a vesting period of 3 years under the SAR Scheme 2017. Under the terms of this plan, the Ultimate Parent Company entitles the employees to receive its equity shares equivalent to the increase in the value of one equity share from the Grant Date.

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)**

24. Equity-settled share-based payments (continued)

b) Shares issued to employees under the Share Appreciation Rights (SAR) Scheme 2017 (continued)

The SAR vests over the period of 3 years in the following manner: 10% at the end of year 1; 20% at the end of year 2 and 70% at the end of year 3 from the Grant Date.

The fair value of the shares granted, being US\$ 220,554 is recorded as “Staff salaries and benefits” under the General and administrative expenses in the consolidated statement of profit or loss and under the “Equity-settled employee benefits reserve” in the consolidated statement of changes in equity.

The fair value of each share granted is estimated on the Grant Date using the Black-Scholes option pricing model with the following weighted average assumptions over the vesting period from the Grant Date.

	Vesting Period		
	30 December 2018	30 December 2019	30 December 2020
Market price (in INR)	174.6	174.6	174.6
Expected life (in years)	2.5	3.5	4.5
Volatility (%)	30.88	33.94	36.92
Risk-free rate (%)	6.73	6.93	7.09
Exercise price (in INR)	148.5	148.5	148.5
Dividend yield (%)	1.2	1.2	1.2
Fair value per vest (in INR)	55.47	66.17	76.01

The fair value per share is INR 71.99.

The shares activity is summarised below:

SAR granted	2,425,000
SAR lapsed	Nil
SAR exercised	Nil
Outstanding as at 31 March 2018	2,425,000

25. Financial instruments

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 4 to the consolidated financial statements.

(b) Categories of financial instruments

	2018 US\$	2017 US\$
Financial assets		
Loans and receivables (including cash and cash equivalents)	536,690,064	485,597,610
Derivative financial assets at fair value	259,816	372,105
	<u>536,949,880</u>	<u>485,969,715</u>
Financial liabilities		
At amortised cost	<u>496,365,408</u>	<u>460,726,638</u>

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)**

25. Financial instruments (continued)

(c) Fair value

The Group has valued its derivative financial instruments based on the valuation techniques. All other financial assets and financial liabilities at the end of the reporting period approximate to their fair values.

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
2018				
<i>Financial assets measured at fair value</i>				
Call option	-	-	259,816	259,816
2017				
<i>Financial assets measured at fair value</i>				
Call option	-	-	372,105	372,105

Accordingly, call options have been calculated by using 11.43% (2017: 11.09%) risk free rate and volatility of 50.82% (2017: 53.3%).

26. Financial risk management

The financial risk management policies are discussed by Management of the Group on a regular basis to ensure that these are in line with the overall business strategies and its risk management philosophy. Management sets policies which seek to minimise potential adverse effects of financial performance of the Group. Management provides necessary guidance/instructions to the employees covering specific areas, such as market risk (foreign exchange and interest rate risk) credit risk and liquidity risk.

The Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)**

26. Financial risk management (continued)

(a) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The carrying amounts of the Group's foreign currency other than Arab Emirates Dirhams, being pegged to United States Dollar, denominated monetary assets and liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2018	2017	2018	2017
	US\$	US\$	US\$	US\$
Turkish Lira	50,749,257	50,003,355	53,784,524	49,297,101
Kuwaiti Dinar	9,255,426	10,384,982	1,319,902	688,532
Kazakhstan Tenge	6,489,050	9,882,198	1,545,907	112,538
Egyptian Pound	7,617,382	5,663,115	4,538,942	434,797
Moroccan Dirham	3,723,565	5,511,995	745,900	1,049,020
Nigerian Naira	3,219,576	4,162,191	579,494	2,254,274
West African CFA Franc	7,670,852	2,125,232	292,201	28,583
Kenyan Shilling	6,233,153	1,138,990	6,394,168	1,603,979
Uganda Shilling	855,222	683,714	161,977	18,846
Tanzanian Shillings	1,502,735	659,659	49,609	65,409
Euro	2,650,603	573,863	547,530	1,094,773
Indian Rupees	666,384	458,274	504,973	327,682
Ghanaian Cedi	371,593	222,185	48,522	424,814
South African Rand	55,131	152,554	149,617	193,350
Iraqi Dinars	147,076	150,509	-	-
Libyan Dinar	17,387	12,174	-	-
Rwandan Franc	111,734	7,536	13,478	-

(b) Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in the US\$ against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the US\$ strengthens 10% against the relevant currency. For a 10% weakening of the US\$ against the relevant currency, there would be an equal and opposite impact on the profit and other equity.

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)**

26. Financial risk management (continued)

(b) Foreign currency sensitivity analysis (continued)

	2018 US\$	2017 US\$
<i>Profit/(loss)</i>		
Turkish Lira	303,527	(70,625)
Kuwaiti Dinar	(793,552)	(969,645)
Kazakhstan Tenge	(494,314)	(976,966)
Egyptian Pound	(307,844)	(522,832)
Moroccan Dirham	(297,767)	(446,298)
Nigerian Naira	(264,008)	(190,792)
West African CFA Franc	(737,865)	(209,665)
Kenyan Shilling	16,102	46,499
Uganda Shilling	(69,325)	(66,487)
Tanzanian Shillings	(145,313)	(59,425)
Euro	(210,307)	52,091
Indian Rupees	(16,141)	(13,059)
Ghanaian Cedi	(32,307)	20,263
South African Rand	9,449	4,080
Iraqi Dinars	(14,708)	(15,051)
Libyan Dinar	(1,739)	(1,217)
Rwandan Franc	(9,826)	(754)

(c) Interest rate risk management

The Group is exposed to interest rate risk as the Group borrows funds at floating interest rates. The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the reporting date. The analysis is prepared assuming the amount of assets/liabilities outstanding at the reporting date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 March 2018 would decrease/increase by US\$ 485,254 (2017: US\$ 617,294). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

(d) Credit risk management

Credit risk arises from credit exposure to outstanding trade receivables. Management of the Group has implemented centralised procedures for credit control. Credit risk is minimised through credit insurance and a conservative credit policy. Individual counter-party limits are set in accordance with the credit policy. The Group's exposure to credit risk is continuously monitored and the aggregate value of transactions concluded is spread amongst counter-parties. Credit exposure is controlled by counter-party limits that are reviewed and approved by the management regularly. Due to the risk on transactions in the countries in which the Group operates, management will, based on past experience and level of risk associated with these transactions, make a provision for losses on such transactions should they consider it necessary.

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)**

26. Financial risk management (continued)

(d) Credit risk management (continued)

Trade receivables consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables.

The Group does not have any significant credit risk exposure to any single counterparty or any company of the counterparty having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 10% of gross monetary assets at any time during the year. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Further details of credit risk on trade receivables are discussed in Note 11 to the consolidated financial statements.

The Group, on occasion, makes advanced payments to suppliers in order to avail settlement discounts, which would be earlier than the date of receipt of goods and prior to recording the purchase and liability. On occasion, the Group would also settle supplier liabilities earlier than the agreed credit period in order to avail settlement discounts.

(e) Liquidity risk management

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

Liquidity risk table

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes principal cash flows only:

	Weighted average interest rate %	Less than 1 year US\$	2 - 4 Years US\$	Greater than 5 years US\$	Total US\$
2018					
Variable interest rate instruments	4.94	97,050,766	-	-	97,050,766
Non-interest bearing instruments	-	399,314,642	-	-	399,314,642
		<u>496,365,408</u>	<u>-</u>	<u>-</u>	<u>496,365,408</u>
2017					
Variable interest rate instruments	3.72	123,458,726	-	-	123,458,726
Non-interest bearing instruments	-	337,267,912	-	-	337,267,912
		<u>460,726,638</u>	<u>-</u>	<u>-</u>	<u>460,726,638</u>

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)**

26. Financial risk management (continued)

(e) Liquidity risk management (continued)

Liquidity risk table (continued)

The following tables detail the Groups remaining contractual maturity for its non-derivative financial assets. The tables have been drawn up based on the cash flows of financial assets based on the earliest date on which the Group can collect:

	Weighted average interest rate %	Less than 1 year US\$	2 - 4 Years US\$	Greater than 5 years US\$	Total US\$
2018					
Variable interest rate instruments	1.4	10,251,362	-	-	10,251,362
Non-interest bearing instruments	-	526,438,702	-	-	526,438,702
		<u>536,690,064</u>	<u>-</u>	<u>-</u>	<u>536,690,064</u>
2017					
Variable interest rate instruments	3.29	13,895,540	-	-	13,895,540
Non-interest bearing instruments	-	471,702,070	-	-	471,702,070
		<u>485,597,610</u>	<u>-</u>	<u>-</u>	<u>485,597,610</u>

27. Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholder through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the previous year.

The capital structure of the Group consists of debt, which includes the bank borrowings disclosed in Note 19, cash and cash equivalents, and other financial assets as disclosed in Notes 13 and 12, respectively and total equity of the Group comprising issued capital, reserves, retained earnings and non-controlling interests as disclosed in the consolidated statement of changes in equity.

Gearing ratio

The Group's risk management reviews the capital structure on a semi-annual basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. The Group targets an optimum gearing ratio of 85% determined as the proportion of gross debt to equity.

The gearing ratio at the year-end was as follows:

	2018 US\$	2017 US\$
Debt	97,050,766	123,458,726
Cash and cash equivalents and other financial assets	(54,781,546)	(83,305,011)
Net debt	<u>42,269,220</u>	<u>40,153,715</u>
Equity	<u>371,586,213</u>	<u>336,749,060</u>
Net debt to equity ratio	<u>11%</u>	<u>12%</u>

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)**

28. Contingencies

	2018 US\$	2017 US\$
a)		
Letters of guarantee	1,630,396	1,813,903

Margin deposits are held against letters of guarantee (Note 12).

b) Pending lawsuit:

- On 25 August 2011, the Capital Markets Board (“CMB”) released its decision requiring Redington Turkey Holdings SARL (RTHS) to file an application with the aim to conduct a mandatory tender offer towards the shareholders of Arena in connection with its purchase of 49.4% stake in Arena on 29 November 2010. CMB’s decision was based on an injunction given by the 13th Chamber of the Council of State on 18 July 2011 as a result of a lawsuit filed by an individual investor against CMB requesting an injunction on and the cancellation of certain provisions of the CMB Communique regulating mandatory tender offer in Turkish public companies and the CMB’s decision turning down the request of the investor seeking a mandatory tender offer to be made by RTHS. The 13th Chamber of the Council of State was challenged by the CMB before the Council of Administrative Chambers of Council of State which ruled for the revoke of the stay of execution on 2 February 2012.
- On 10 October 2011, RTHS applied to the 13th Chamber of the Council of State to join and become a party to this lawsuit on the side of the defendant CMB. RTHS also submitted a detailed petition explaining why the challenge by the CMB should be upheld.
- On 11 April 2012, the CMB imposed an administrative monetary fine against RTHS in the amount of US\$ 68,041, stating RTHS had not complied with its decision dated 15 August 2011.
- On 9 May 2012, RTHS challenged the monetary fine imposed by CMB by filing a lawsuit before the 20th Peace Criminal Court of Istanbul which was later on sent to 4th Peace Criminal Court due to organizational changes in the court house.
- On 20 September 2012, the court accepted RTHS’ request to become a party to the lawsuit on the side of the defendant CMB. On 2 July 2015, the prosecutor of Council of State had issued his opinion mentioning the lawsuit should be rejected.
- On 7 December 2012, RTHS was notified about the decision of the 8th Administrative Court of Ankara dated 25 September 2012 that the administrative lawsuit filed by RTHS requesting the cancellation of the decision of the CMB dated 15 August 2011 has been concluded in favor of RTHS’s request and the decision of CMB dated 25 August 2011 has been cancelled.
- On 3 January 2013, CMB appealed the decision made by 8th Administrative Court of Ankara dated 25 September 2012.
- On 20 February 2013, RTHS filed its responses against the petition appealed by CMB dated 3 January 2013.
- On 21 November 2014, 4th Peace Criminal Court decided that considering the new Capital Markets Law, the peace criminal court are no more competent to review lawsuits regarding administrative fines issued by CMB and the lawsuit must be filed before 13th Administrative Court of Ankara. The case was re-filed on 27 January 2015.
- On 15 October 2015, the 13th Chamber held a hearing and heard the parties.
- On 19 October 2016, the 13th Chamber of Council of State rejected the claims of the individual investors, and issued a verdict in favor of RTHS and the CMB, indicating that an obligation to conduct a mandatory tender offer did not arise, thus the CMB’s original verdict had legal grounds.

**Notes to the consolidated financial statements
for the year ended 31 March 2018 (continued)**

28. Contingencies (continued)

b) Pending lawsuit (continued):

- On 20 January 2018, the claimant (individual investor) appealed against the judgment of the 13th Chamber of the Council of State before the Council of State, Plenary Session of the Chambers for Administrative cases.
- On 3 February 2018, RTHS filed a petition against the appeal claim of the individual investor. As at 31 March 2018, the appeal claim of the individual investor was pending.

Management believes that no capital outflow or material impact on the statement of profit or loss and other comprehensive income will arise out of the pending case and therefore no special reserve has been allocated as at the reporting date.

29. Operating lease arrangements

	2018 US\$	2017 US\$
Minimum lease payments recognised as expense during the year	7,374,494	7,701,588

At the reporting date, the Group has outstanding commitments under non-cancellable operating land lease, which fall due as follows:

	2018 US\$	2017 US\$
Within one year	227,719	-
More than one year but less than five years	910,876	-
More than five years	910,876	-
	<u>2,049,471</u>	<u>-</u>

30. Dividends

During the year ended 31 March 2018, the shareholders of Arena Bilgisayar Sanayi ve Ticaret A.S., a subsidiary of Redington Turkey Holdings S.A.R.L. declared and paid dividends to its shareholders, the portion of the non-controlling interest in the dividend declared and paid amounts to US\$ 479,768.

During the year ended 31 March 2018, the shareholders of Redington Qatar Distribution W.L.L. and Redington Qatar W.L.L., subsidiaries of Redington Middle East LLC, declared and paid dividends to its shareholders, the portion of the local sponsors in the dividend declared and paid amounts to US\$ 17,058.

31. Approval of consolidated financial statements

The consolidated financial statements for the year ended 31 March 2018 were approved and signed by the Director on 17 May 2018.