ProConnect Supply Chain Solutions Limited

Standalone Balance Sheet as at 31 March 2019

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

	Note	As at 31 March 2019	As at 31 March 2018
Assets			
Non-current assets			
Property, plant and equipment	15	17.09	10.46
Intangible assets	16	4.95	0.12
Intangible asset under development		-	2.20
Financial assets			
Investments in subsidiaries	17	73.66	15.20
Deposits and other receivables	22	10.42	7.45
Other financial assets	24	4.59	8.59
Deferred tax assets (net)	14	3.17	2.85
Income tax assets (net)		2.48	1.07
Other non-current assets	25	4.41	3.37
Total non-current assets		**120.77**	**51.31**
Current assets			
Inventories	18	-	-
Financial assets			
Trade receivables	19	76.69	55.21
Cash and cash equivalents	20	0.57	0.90
Other bank balances	21	0.59	3.72
Loans	23	21.76	12.00
Deposits and other receivables	22	4.93	2.08
Other financial assets	24	5.07	1.65
Other current assets	25	17.93	2.32
Total current assets		**127.54**	**77.88**
Total assets		**248.31**	**129.19**
Equity and liabilities			
Equity			
Equity share capital	26A	9.08	7.24
Other equity	26B		
Securities premium		35.47	12.31
Retained earnings		74.69	55.68
Capital reserve		3.31	0.67
Others (including items of other comprehensive income)		(0.81)	(0.36)
Total equity		**121.74**	**75.54**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	28	23.60	4.23
Other financial liabilities	30	6.86	-
Provisions	32	4.21	2.89
Total non-current liabilities		**34.67**	**7.12**

Chennai

ProConnect Supply Chain Solutions Limited

Standalone Balance Sheet as at 31 March 2019

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

	Note	As at 31 March 2019	As at 31 March 2018
Current liabilities			
Financial liabilities			
Borrowings	28	47.77	20.29
Trade payables	29		
Total outstanding dues to micro enterprises and small enterprises and		-	-
Total outstanding dues to creditors other than micro enterprises and small enterprises		28.54	19.98
Other financial liabilities	30	9.10	0.73
Provisions	32	0.47	0.40
Other current liabilities	31	6.02	5.13
Total current liabilities		**91.90**	**46.53**
Total liabilities		**126.57**	**53.65**
Total equity and liabilities		**248.31**	**129.19**

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 **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

S Sethuraman
Partner
Membership No. 203491

Place: Chennai
Date: 20 May 2019

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

Arunachalam R
Chief Executive Officer

Kasi Viswanathan P.S
Chief Financial Officer

Vignesh Kumar S M
Company Secretary

Place: Chennai
Date: 20 May 2019

ProConnect Supply Chain Solutions Limited

Standalone Statement of Profit and Loss for the year ended 31 March 2019

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

	Note	Year ended 31 March 2019	Year ended 31 March 2018
Revenue			
Revenue from operations	6	266.80	197.72
Other income	7	5.89	3.98
Total income		**272.69**	**201.70**
Expenses			
Changes in inventories of spares	8	-	-
Purchase of spares	9	0.07	0.87
Employee benefits expense	10	28.43	22.07
Finance costs	11	4.62	1.45
Depreciation and amortisation expense	12	5.52	4.20
Other expenses	13	199.18	138.65
Total expenses		**237.82**	**167.24**
Profit before tax		**34.87**	**34.46**
Income tax expense	14		
Current tax		10.76	12.90
Deferred tax		(0.14)	(1.06)
Income tax expense		**10.62**	**11.84**
Profit for the year		**24.25**	**22.62**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the defined benefit liability		(0.63)	(0.68)
Income tax relating to the above		0.18	0.24
Net other comprehensive income not to be reclassified subsequently to profit or loss		**(0.45)**	**(0.44)**
Other comprehensive income for the year, net of income tax		**(0.45)**	**(0.44)**
Total comprehensive income for the year		**23.80**	**22.18**
Earnings per share			
Basic and diluted earnings per share (in Indian Rupees)	27	32.27	30.62
Significant accounting policies	3		

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Date: 20 May 2019

ProConnect Supply Chain Solutions Limited

Standalone Statement of changes in equity for the year ended 31 March 2019

(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 2017	7.24	7,243,230
Shares issued during the year	-	-
Balance as at 31 March 2018	**7.24**	**7,243,230**
Shares issued during the year	1.84	1,838,235
Balance as at 31 March 2019	**9.08**	**9,081,465**

(b) Other equity

	Reserves and surplus				Others	Total equity
	Securities premium	Retained earnings	Capital reserve	Other equity	Other items of other comprehensive income	
Balance as at 1 April 2017	12.31	37.42	-	0.38	(0.30)	49.81
Profit for the year	-	22.62	-	-	-	22.62
Other comprehensive income for the year	-	-	-	-	(0.44)	(0.44)
Total comprehensive income for the year	-	22.62	-	-	(0.44)	22.18
Transactions with owners recorded directly in equity						
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	(0.74)	68.30
Balance as at 1 April 2018	12.31	55.68	0.67	0.38	(0.74)	68.30
Profit for the year	-	24.25	-	-	-	24.25
Other comprehensive income for the year	-	-	-	-	(0.45)	(0.45)
Total comprehensive income	-	24.25	-	-	(0.45)	23.80
Transactions with owners recorded directly in equity						
Contributions and distributions from / (to) owners						
Stock compensation cost	-	-	2.64	-	-	2.64
Securies premium on shares issued during the year	23.16					23.16
Dividend, including dividend distribution tax	-	(5.24)	-	-	-	(5.24)
Total contributions and distributions from / (to) owners	23.16	(5.24)	2.64	-	-	20.56
Balance as at 31 March 2019	35.47	74.69	3.31	0.38	(1.19)	112.66

Significant accounting policies 3

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

As per our report of even date attached

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Chief Executive Officer

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Chief Financial Officer

Vignesh Kumar S M
Company Secretary
Place: Chennai
Date: 20 May 2019

ProConnect Supply Chain Solutions Limited
Standalone Statement of cash flow for the year ended 31 March 2019
(All amounts are in Indian Rupees in crores, except share data and as stated)

	Note	Year ended 31 March 2019	Year ended 31 March 2018
Cash flow from financing activities			
Proceeds from issue of share capital (including securities premium)		25.00	-
Proceeds from long-term borrowings		15.00	-
Proceeds from short term borrowings from related parties		5.00	14.00
Repayment of short term borrowings to related parties		(5.00)	(24.00)
Net proceeds from short term borrowings		5.50	14.00
Net proceeds from finance lease obligations		-	0.13
Payment of finance lease obligations		(0.75)	(0.21)
Interest paid		(4.62)	(1.34)
Dividend paid (and related dividend distribution tax)		(5.24)	(4.36)
Net cash generated from financing activities (C)		**34.89**	**(1.78)**
Net (decrease) / increase in cash and cash equivalents (A+B+C)		**(21.31)**	**(4.16)**
Cash and cash equivalents as at 1 April		(4.73)	(0.57)
Cash and cash equivalents as at 31 March (refer note 20)		**(26.04)**	**(4.73)**
Significant accounting policies	3		

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

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Vighesh Kumar S M
Company Secretary

Place: Chennai
Date: 20 May 2019

ProConnect Supply Chain Solutions Limited
Standalone Statement of cash flow for the year ended 31 March 2019
(All amounts are in Indian Rupees in crores, except share data and as stated)

	Year ended 31 March 2019	Year ended 31 March 2018
Cash flow from operating activities		
Profit before taxes	34.87	34.46
Adjustments for:		
Depreciation and amortisation	5.52	4.20
Provision for doubtful debts	0.48	0.03
Loss / (gain) on sale of property, plant and equipment	(0.06)	(0.01)
Finance costs	4.62	1.45
Stock compensation expense	2.64	0.67
Interest income on security deposits at amortised cost	(1.21)	(0.57)
Interest income on cash and cash equivalents and loans	(1.72)	(1.23)
	45.14	**39.00**
Working capital adjustments:		
(Increase) / decrease in inventories	-	-
Increase in trade receivables	(21.96)	(26.67)
(Increase) / decrease in deposits and other receivables	(4.61)	1.26
(Increase) / decrease in other current / non-current financial assets	(2.41)	0.09
Decrease in other current / non current assets	(17.29)	(3.41)
Increase in trade payable and other financial liabilities	9.19	13.08
Increase in provisions and other current liabilities	1.66	2.84
Cash generated from operating activities	**9.72**	**26.19**
Income tax paid (net)	(12.17)	(12.65)
Net cash (used in) / generated from operating activities (A)	**(2.45)**	**13.54**
Cash flow from investing activities		
Interest received	1.11	1.23
Proceeds from sale of property, plant and equipment	0.06	0.03
Acquisition of property, plant and equipment	(6.95)	(8.66)
Loans given	(9.76)	(2.00)
Advance paid for acquisition of shares in subsidiary	-	(0.48)
Investments in bank deposits with original maturity of more than 3 months	3.13	(0.72)
Investment in subsidiaries	(41.34)	(5.32)
Net cash used in investing activities (B)	**(53.75)**	**(15.92)**

B S R & Co. LLP * Chartered Accountants *

ProConnect Supply Chain Solutions Limited * Chennai *

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 20 May 2019
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
- Contingent consideration in acquisition of subsidiaries	Fair value
- 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.

Judgements
Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the standalone financial statements is included in the following notes:
- Note 6 – revenue : whether the Company acts as an agent rather than as a principal in a transaction; and
- Note 24 – lease classification;

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 2019 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).

S R B & Co. Chartered Accountants

ProConnect Supply Chain Solutions Limited Chennai

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
- Note 38 – stock appreciation rights

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.

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 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.

B S R & Co. LLP * Chartered Accountants

ProConnect Supply Chain Solutions Limited * Chennai

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 Company 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 ★ Chennai

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	Useful life as per Schedule II
Plant and Machinery	5 years	15 years
Computer and accessories	3 years	3 years
Furniture and fixtures	4 years	10 years
Office equipments	5 years	5 years
Vehicles	5 years	10 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 and are different from those prescribed in Schedule II of Companies Act.

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 (upto) 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 - 5 years

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

B S R & Co. * Chartered Accountants

ProConnect Supply Chain Solutions Limited * Chennai

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 assumes that the credit risk on financial assets has increased significantly if it is more than 180 days past due.

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)
- the financial asset is 365 days or more past due.

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.

BSR & Co. LLP Chartered Accountants

ProConnect Supply Chain Solutions Limited Chennai

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.

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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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 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.

The Company's gratuity plan is unfunded. Defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method at each balance sheet date. The defined benefit obligation is determined as the present value of the estimated future cash flows expected to be made by the Company in respect of services rendered by its employees upto the reporting date.

Remeasurements of the defined benefit liability, which comprise actuarial gains and losses are recognised in OCI. The Company determines the interest expense on the defined benefit liability 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 defined benefit liability. 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 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. 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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3 Significant accounting policies (contd.)

3.9 Revenue recognition

The Company earns revenue primarily from the business of comprehensive Supply Chain Management ('SCM'), providing total logistic solutions services including warehousing management and allied services for various corporate customers. Effective 1 April 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method, wherein the comparatives have not been retrospectively adjusted. There are no adjustments required to be made to the retained earnings as at 31 March 2018.

Revenue is recognised upon transfer of control of promised services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those services.

- Revenue from warehousing management services where the Company leases out warehouse space along with warehousing equipments is measured based on the mutually agreed monthly rent with customers. Revenue for warehousing management services are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

- Revenue from third party logistics services is recognised based on the consignment notes issued by the Company. Revenue is measured based on the mutually agreed rate as per the contract with the customer.

- Revenue from allied services is recognised on output basis, measured by number of orders processed.

- Revenue from sales of goods and scrap sales is recognised at the point in time when control is transferred to the customer.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

In accordance with Ind AS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Disaggregation of revenue

The Company disaggregates revenue from contracts with customers by the geographic location of the customers. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors. Refer Note 5.

Performance obligations and revenue recognition policies

The following details provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

(ia) Revenue recognition under Ind AS 115 (applicable from 1 April 2018)

a. Sales of goods or services

Revenue is recognized upon transfer of control of promised services to the customers in an amount that reflects the considerations expected to receive in exchange for those products or services. Revenue is measured based on the transaction price, which is the consideration as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

(ib) Revenue recognition under Ind AS 18 (applicable before 1 April 2018)

a. Sales 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.

b. Sales 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.

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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 impractible 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.

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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 when it relates to an item recognised directly in equity or in other comprehensive income respectively.

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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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.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

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 accounted at cost less impairment.

3.18 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 income on a systematic basis in the periods in which such expenses are recognised.

3.19 Dividend to share holders

Final dividend is distributed to Equity share holders is recognised in the period in which it is approved by the members of the Company in the Annual General Meeting. Final dividend net of divided distribution tax are recognised in the Statement of Changes in Equity.

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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, 2019:

Ind AS 116	Leases
Ind AS 12	Income taxes
Ind AS 109	Financial instruments

Ind AS 116 Leases

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

The Company has completed an initial assessment of the potential impact on its standalone financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the standalone financial statements in the period of initial application is not reasonably estimable as at present.

i. Leases in which the Company is a lessee

The Company will recognise new assets and liabilities for its operating leases of warehouse. The nature of expenses related to those leases will now change because the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

In addition, the Company will no longer recognise provisions for operating leases that it assesses to be onerous. Instead, the Company will include the payments due under the lease in its lease liability and apply Ind AS 36, Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment.

No significant impact is expected for the Company's finance leases.

ii. Leases in which the Company is a lessor

The Company will reassess the classification of sub-leases in which the Company is a lessor. Based on the information currently available, the Company expects that it will reclassify one sub-lease as a finance lease.

No significant impact is expected for other leases in which the Company is a lessor.

iii. Transition

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

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

Ind AS 12 Income taxes

The amendment clarifies on the accounting of income tax consequences of distribution of profits (i.e. dividends), including payments on financial instruments classified as equity, should be recognised when a liability to pay dividend is recognised.

Income tax consequences should be recognised in profit or loss, Other Comprehensive Income (OCI) or equity according to where the past transactions or events that generated distributable profits were originally recognised.

The Company is in the process of assessing the impact of this amendment on its standalone financial statements.

Ind AS 109 Financial instruments

The Company has been applying Ind AS 109 in the preparation of its standalone financial statements. A recent amendment to the standard deals with how the a financial asset should be measured. A financial asset would be classifed and measured at amortised cost or at Fair Value through Other Comprehensive Income (FVOCI) if its contractual cash flows are soley in the nature of principle and the interest on the principle amount outstanding (SPPI criterion)

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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 2019	Year ended 31 March 2018
India	250.40	182.52
USA	16.40	15.20
	266.80	**197.72**

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 2019	Year ended 31 March 2018
Customer A	65.46	67.91
Customer B	44.76	37.52
	110.22	**105.43**

6 Revenue from operations

	Year ended 31 March 2019	Year ended 31 March 2018
Sale of products	0.20	1.03
Sale of services		
Income from supply chain management services^^	266.57	196.63
Other operating revenue		
Scrap Sales	0.03	0.06
	266.80	**197.72**

^^ Includes revenue INR 0.93 crores (31 March 2018: Nil) from renting of warehouse, net of related cost in respect of which the Company acts as an agent in the transaction rather than as the principal.

7 Other income

	Year ended 31 March 2019	Year ended 31 March 2018
Interest income on		
Cash and cash equivalents and other bank balances	0.06	0.18
Loan to corporates	1.66	1.05
Security deposits at amortised cost	1.21	0.57
Net gain on sale of property, plant and equipment	0.06	0.01
Net gain on foreign currency transactions	(0.38)	0.07
Finance income on lease	0.72	0.24
Export incentives	1.25	1.37
Miscellaneous income	1.31	0.49
	5.89	**3.98**

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Notes forming part of the standalone financial statements for the year ended 31 March 2019

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8 Changes in inventories of spares

	Year ended 31 March 2019			Year ended 31 March 2018		
	Opening stock	Closing stock	Increase / Decrease	Opening stock	Closing stock	Increase / Decrease
Stock-in-trade of spares*	-	-	-	-	-	-
	-	-	-	-	-	-

* Increase in inventory of spares of INR 12,465/- for year ended 31 March 2019 (31 March 2018: INR 14,139/- decrease in inventory of spares) has been rounded off in crores to Nil.

9 Purchase of spares

	Year ended 31 March 2019	Year ended 31 March 2018
Purchases of spares	0.07	0.87
	0.07	**0.87**

10 Employee benefit expenses

	Year ended 31 March 2019	Year ended 31 March 2018
Salaries, wages and bonus	20.58	17.90
Contribution to provident funds	1.21	1.02
Expenses related to post-employment defined benefit plans	0.58	0.48
Expenses related to compensated absences	0.29	0.27
Staff welfare expenses	3.13	1.73
Stock compensation expense (refer note 38)	2.64	0.67
	28.43	**22.07**

Defined contribution plans

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund (PF) and employees' state insurance (ESI) scheme which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund and ESI for the year aggregated to INR 1.21 crores (31 March 2018: INR 1.02 crores)

11 Finance costs

	Year ended 31 March 2019	Year ended 31 March 2018
Interest expense on financial liabilities measured at amortised cost	3.90	0.70
Interest on loan from related parties	0.04	0.58
Finance cost on finance lease obligations	0.68	0.17
	4.62	**1.45**

12 Depreciation and amortisation expense

	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation of property, plant and equipment (refer note 15)	5.04	4.13
Amortisation of intangible assets (refer note 16)	0.48	0.07
	5.52	**4.20**

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13 Other expenses

	Year ended 31 March 2019	Year ended 31 March 2018
Freight, delivery and shipping charges	54.23	34.60
Rent	47.10	35.87
Outsourced manpower cost	58.66	32.09
Warehouse handling charges	4.07	5.31
Consumption of packing materials	2.35	1.98
Power and fuel	2.96	2.77
Rates and taxes	1.15	1.90
Insurance	0.45	0.34
Repairs and maintenance		
Buildings	0.25	0.56
Machinery	1.26	1.47
Others	5.63	4.21
Directors' sitting fees	0.06	0.05
Legal and professional charges (refer note (a))	3.57	2.21
Travel and Conveyance	2.18	2.45
Sales promotion expenses	0.16	0.10
Communication expenses	2.14	2.22
Security services	9.24	7.99
Printing and stationery	1.97	1.52
Provision for doubtful debts	0.48	0.03
Bank charges	0.33	0.06
Expenditure on Corporate social responsibility (refer note (b))	0.52	0.36
Miscellaneous expenses	0.42	0.57
	199.18	**138.65**

a. Payment to auditors included in legal and professional charges

	Year ended 31 March 2019	Year ended 31 March 2018
Statutory audit	0.06	0.06
Tax audit	0.01	0.01
Other services	0.02	0.02
Reimbursement of expenses	0.02	0.01
	0.11	**0.10**

b. Details of corporate social responsibility expenduture

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 2019	Year ended 31 March 2018
Amount required to be spent by the Company during the year	0.52	0.36
Amount spent during the year :		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	0.52	0.36
	0.52	**0.36**

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

14 Income tax

A. Amount recognised in the profit and loss

	Year ended 31 March 2019	Year ended 31 March 2018
Current tax		
Current period	10.76	12.90
Total current tax expense	**10.76**	**12.90**
Deferred tax		
Origination and reversal of temporary difference	(0.31)	(1.06)
Reduction in tax rates	0.17	-
Total deferred tax expense / (benefit)	**(0.14)**	**(1.06)**
	10.62	**11.84**

B. Income tax recognised in other comprehensive income

	Year ended 31 March 2019			Year ended 31 March 2018		
	Before tax	Tax (expense) / benefit	Net of tax	Before tax	Tax (expense) / benefit	Net of tax
Remeasurement of defined benefit liability (asset)	(0.63)	0.18	(0.45)	(0.68)	0.24	(0.44)
	(0.63)	**0.18**	**(0.45)**	**(0.68)**	**0.24**	**(0.44)**

C. Reconciliation of effective tax rate

		Year ended 31 March 2019		Year ended 31 March 2018
Profit before tax		**34.87**		**34.46**
Enacted tax rates in India	29.12%		34.61%	
Computed expected tax expense		10.15		11.93
Changes in tax rates	0.49%	0.17	0.00%	-
Changes in estimates related to prior years	0.66%	0.23	-0.61%	(0.21)
Effect of non-deductible expenses	0.20%	0.07	0.35%	0.12
Income tax expense	**30.47%**	**10.62**	**34.35%**	**11.84**

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14 Income tax (contd.)

D. Recognised 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 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Property, plant and equipment	-	1.06	0.10	-	(0.10)	1.06
Provision - employee benefits	1.67	0.96	-	-	1.67	0.96
Finance lease receivable	-	1.58	1.58	-	(1.58)	1.58
Finance lease payable	2.99	-	-	1.42	2.99	(1.42)
Provision - others	0.19	0.67	-	-	0.19	0.67
Net deferred tax assets (liabilities)	**4.85**	**4.27**	**1.68**	**1.42**	**3.17**	**2.85**

Movement in temporary differences:

	Balance as at 1 April 2017	Recognized in Profit or Loss during 2017-18	Recognized in OCI during 2017-18	Balance as at 31 March 2018	Recognized in Profit or Loss during 2018-19	Recognized in OCI during 2018-19	Balance as at 31 March 2019
Property, plant and equipment	0.41	0.65	-	1.06	(1.16)	-	(0.10)
Provision - employee benefits	1.09	(0.37)	0.24	0.96	0.53	0.18	1.67
Finance lease receivable	-	1.58	-	1.58	(3.16)	-	(1.58)
Finance lease Payable	-	(1.42)	-	(1.42)	4.41	-	2.99
Provision - others	0.05	0.62	-	0.67	(0.48)	-	0.19
Net Deferred tax asset	**1.55**	**1.06**	**0.24**	**2.85**	**0.14**	**0.18**	**3.17**

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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 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**
Additions (also refer note B below)	5.93	1.23	1.01	2.88	0.70	11.75
Disposals	-	-	-	-	(0.09)	(0.09)
Balance as at 31 March 2019	**10.22**	**3.98**	**7.00**	**7.51**	**2.52**	**31.23**
Accumulated depreciation						
Balance as at 1 April 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**
Additions	1.83	0.73	0.66	1.45	0.37	5.04
Disposals	-	-	-	-	(0.01)	(0.01)
Balance as at 31 March 2019	**3.78**	**1.94**	**3.22**	**4.27**	**0.93**	**14.14**
Carrying amount (net)						
As at 31 March 2018	2.34	1.54	3.43	1.81	1.34	10.46
As at 31 March 2019	**6.44**	**2.04**	**3.78**	**3.24**	**1.59**	**17.09**

B. Property, plant and equipment held under finance leases

During the current year the Company has acquired a set of warehouse racks amounting to INR 6.12 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).

During the previous year 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 furniure and fixture acquired under finance leases and included in above as follows:

Particulars	Plant and machinery	Office equipment	Furniture and fixtures	Computers	Total
Cost					
Balance as at 1 April 2017	-	-	-	-	-
Assets acquired on finance lease during the year ended 31 March 2018	-	-	5.07	-	5.07
Assets given on finance lease during the year	-	-	(4.84)	-	(4.84)
Cost as at 31 March 2018 (included above)	-	-	**0.23**	-	**0.23**
Assets acquired on finance lease during the year ended 31 March 2019	4.60	0.60	-	0.92	6.12
Assets given on finance lease during the year	-	-	-	-	-
Cost as at 31 March 2019 (included above)	**4.60**	**0.60**	**0.23**	**0.92**	**6.35**
Accumulated depreciation					
Balance as at 1 April 2017	-	-	-	-	-
Depreciation during the year ended 31 March 2018	-	-	(0.02)	-	(0.02)
Accumulated depreciation as at 31 March 2018	-	-	**(0.02)**	-	**(0.02)**
Depreciation during the year ended 31 March 2019	(0.35)	(0.09)	(0.04)	(0.07)	(0.55)
Accumulated depreciation as at 31 March 2019	**(0.35)**	**(0.09)**	**(0.06)**	**(0.07)**	**(0.57)**
Carrying amount (net)					
As at 31 March 2018	-	-	0.21	-	0.21
As at 31 March 2019	**4.25**	**0.51**	**0.17**	**0.85**	**5.78**

Further, additions include an amount of INR 0.65 crores (31 March 2018: INR 0.60 crores) in respect of certain property, plant and equipment that were acquired by the Company and given on finance lease.

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Notes forming part of the standalone financial statements for the year ended 31 March 2019

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

16 Intangible assets

Particulars	Software	Total
Deemed cost / Cost (Gross carrying amount)		
Balance as at 1 April 2017	**0.23**	**0.23**
Additions	0.02	0.02
Disposals	-	-
Balance as at 31 March 2018	**0.25**	**0.25**
Additions	5.31	5.31
Disposals	-	-
Balance as at 31 March 2019	**5.56**	**5.56**
Accumulated amortisation		
Balance as at 1 April 2017	**0.06**	**0.06**
Additions	0.07	0.07
Disposals	-	-
Balance as at 31 March 2018	**0.13**	**0.13**
Additions	0.48	0.48
Disposals	-	-
Balance as at 31 March 2019	**0.61**	**0.61**
Carrying amount (net)		
As at 31 March 2018	0.12	0.12
As at 31 March 2019	**4.95**	**4.95**

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17 Investments in subisidaries

	As at 31 March 2019	As at 31 March 2018
Unquoted equity shares in subsidiaries at cost		
9,826,616 (31 March 2018: 6,333,333) equity shares of Rajprotim Supply Chain Solutions Limited.	21.97	15.20
900 (31 March 2018 :Nil) equity shares of Auroma Logistics Private Limited	51.69	-
	73.66	**15.20**

Name of the subsidiary	Principal place of business	Proportion of Ownership interest As at 31 March 2019	Proportion of Ownership interest As at 31 March 2018
Rajprotim Supply Chain Solutions Limited	Kolkata, India	88%	76%
Auroma Logistics Private Limited	Pondicherry, India	90%	-

18 Inventories

	As at 31 March 2019	As at 31 March 2018
Spares*	-	-
	-	-

* Inventory of spares as at 31 March 2019 of INR 12,465 (31 March 2018: INR Nil) has been rounded off in crores to Nil.

19 Trade receivables

	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good	76.69	55.21
Doubtful	0.66	0.18
Less : Loss allowance	(0.66)	(0.18)
	76.69	**55.21**
Current	76.69	55.21
	76.69	**55.21**

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

	As at 31 March 2019	As at 31 March 2018
Total Trade receivables from related parties (refer note 36)	9.34	7.49
Less: Loss allowance	-	-
Net Trade receivables	**9.34**	**7.49**

20 Cash and cash equivalents

	As at 31 March 2019	As at 31 March 2018
Cash in hand	0.13	0.11
Balance with banks:		
- in current accounts	0.44	0.79
Cash and cash equivalents in balance sheet	0.57	0.90
Less: Bank overdrafts used for cash management purposes	(26.61)	(5.63)
Cash and cash equivalents in the statements of cash flows	**(26.04)**	**(4.73)**

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2019

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21 Other bank balances

	As at 31 March 2019	As at 31 March 2018
Fixed deposits with original maturity of more than three months	0.59	3.72
	0.59	**3.72**

Other bank balances includes 31 March 2019 INR 0.56 crores (31 March 2018: INR 0.56 crores) of fixed deposit is pledged against the Overdraft facility availed from SBI. And further the Company had pledged its other bank balances amounting to 31 March 2019 INR Nil (31 March 2018: INR 3.00 crores) as a collateral in respect of certain financing arrangements entered into by its subsidiary, Rajprotim Supply Chain Solutions Limited.

22 Deposits and other receivables

	As at 31 March 2019	As at 31 March 2018
Non-current		
Security deposit	10.42	7.45
	10.42	**7.45**
Current		
Security deposit	4.93	2.08
	4.93	**2.08**

23 Loans

	As at 31 March 2019	As at 31 March 2018
Secured, considered good		
Loan to body corporates*	10.00	10.00
Less: Loss allowance	-	-
	10.00	10.00
Unsecured, considered good		
Loan to body corporates	11.76	2.00
Less: Loss allowance	-	-
	11.76	2.00
	21.76	**12.00**
Non-current	-	-
Current	21.76	12.00
	21.76	**12.00**

* The Company had given INR 12 crores (31 March 2018: INR 12 crores) 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.

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24 Other financial assets

	As at 31 March 2019	As at 31 March 2018
Non-current		
Advance for purchase of shares	-	3.60
Long term finance lease receivable (refer note below)	4.59	4.99
	4.59	**8.59**
Current		
Current maturities of finance lease receivable (refer note below)	0.85	0.45
Interest accrued	0.88	0.27
Others	3.34	0.93
	5.07	**1.65**

Finance lease receivable

The Company's leasing arrangement represents the certain pallets and other assets given to customers which have been classified under Ind AS 17 on Leases as Finance lease. The lease term covers the substantial period of the assets and all the risks and rewards of ownership are transferred to the lessee. The Company records disposal of the property concerned and recognizes the finance income as revenue from operations.

The reconciliation between the gross investment in the lease at the end of the reporting period, and the present value of minimum lease payments receivable at the end of the reporting period are as follows:

	As at 31 March 2019	As at 31 March 2018
Gross investment	7.88	8.57
Unearned finance income	(2.44)	(3.13)
Net investment	**5.44**	**5.44**

Finance leases are receivable as follows:

Gross investment	As at 31 March 2019	As at 31 March 2018
Within less than one year	1.46	1.11
Between One and five years	4.60	5.54
After more than five years	1.82	1.92
	7.88	**8.57**

Present value of minimum lease payments	As at 31 March 2019	As at 31 March 2018
Within less than one year	0.85	0.45
Between One and five years	2.97	3.27
After more than five years	1.62	1.72
	5.44	**5.44**

25 Other assets

	As at 31 March 2019	As at 31 March 2018
Non-current		
Capital advances	0.03	0.66
Prepayments	2.35	1.33
Receivable from government authorities	2.03	1.38
	4.41	**3.37**
Current		
Prepayments	1.97	1.03
Balances with Statutory authorities	2.41	0.69
Others	13.55	0.60
	17.93	**2.32**

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Notes forming part of the standalone financial statements for the year ended 31 March 2019

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

26A Share Capital

	As at 31 March 2019	As at 31 March 2018
Authorised		
15,000,000 (31 March 2018: 15,000,000) equity shares of Rs. 10 each	15.00	15.00
Issued, Subscribed and Paid-up		
9,081,465 (31 March 2018: 7,243,230) equity shares of Rs. 10 each fully paid up	9.08	7.24

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

Particulars	As at 31 March 2019		As at 31 March 2018	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
At the commencement of the year	7,243,230	7.24	7,243,230	7.24
Shares issued for cash	1,838,235	1.84	-	-
At the end of the year	**9,081,465**	**9.08**	**7,243,230**	**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 2019		As at 31 March 2018	
	No. of shares	Amount	No. of shares	Amount
Equity shares of Rs. 10/- each paid up held by Redington (India) Limited and its nominees	9,081,465	9.08	7,243,230	7.24

26B Other equity

a. Securities premium

	As at 31 March 2019	As at 31 March 2018
At the commencement of the year	12.31	12.31
Share issued for cash	23.16	-
At the end of the year	**35.47**	**12.31**

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

b. Capital reserve

	As at 31 March 2019	As at 31 March 2018
At the commencement of the year	0.67	-
Stock Compensation Cost (Refer Note 10)	2.64	0.67
At the end of the year	**3.31**	**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.

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(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 2019	Year ended 31 March 2018
INR 6 per equity share (31 March 2018: INR. 5)	4.36	3.62
Dividend distribution tax (DDT) on dividend to equity shareholders	0.88	0.74
	5.24	**4.36**

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 2019	As at 31 March 2018
INR Nil per equity share (31 March 2018: INR 6 per equity share)	-	4.36

d. *Analysis of accumulated OCI, net of tax*

A. Other items of OCI

	Year ended 31 March 2019	Year ended 31 March 2018
Remeasurements of defined benefit liability	(1.19)	(0.74)
	(1.19)	**(0.74)**

Remeasurements of defined benefit liability

	Year ended 31 March 2019	Year ended 31 March 2018
Opening balance	(0.74)	(0.30)
Remeasurements of defined benefit liability	(0.45)	(0.44)
Closing balance	**(1.19)**	**(0.74)**

Remeasurements of defined benefit liability

Remeasurements of defined benefit liability 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 2019	As at 31 March 2018
Total borrowings - short term and long term	71.37	24.52
Less: Cash and cash equivalents and other bank balances	(1.16)	(4.62)
Net Debt (A)	70.21	19.90
Total Equity (B)	121.74	75.54
Adjusted net debt to adjusted equity	**0.58**	**0.26**

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Notes forming part of the standalone financial statements for the year ended 31 March 2019

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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 2019	Year ended 31 March 2018
Profit (loss) for the year, attributable to the equity holders	24.25	22.62

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

	Year ended 31 March 2019	Year ended 31 March 2018
Opening balance	7,243,230	7,243,230
Effect of fresh issue of shares for cash	130,943	-
Weighted average number of equity outstanding during the year	**7,374,173**	**7,243,230**

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28 Borrowings

	As at 31 March 2019	As at 31 March 2018
Non current borrowings		
Term loan		
Secured bank loan	15.00	-
Long term maturities of finance lease obligations (secured)	8.60	4.23
	23.60	**4.23**
Current borrowings		
Loans from banks		
Cash credit facilities (secured)	26.22	5.28
Overdraft facilities (secured)	0.39	0.35
Working capital demand loan (secured)	19.50	14.00
Current portion of finance lease obligations (secured)	1.66	0.66
	47.77	**20.29**

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 2019	Carrying amount at 31 March 2018
Cash credit from banks	INR	9.2 to 10%	2018-19	26.22	5.28
Overdraft facilities from banks	INR	7.75%	2018-19	0.39	0.35
Working capital demand loan	INR	8.55 to 9.75%	2018-19	19.50	14.00
Term loan	INR	9.25%	2021-22	15.00	-
Finance lease obligations	INR	10.25%	2022-23	10.26	4.89
				71.37	**24.52**

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.
Term loan is secured by moveable fixed assets with a security cover of not less than 1.00 times of outstanding term loan

Finance lease obligations

Finance lease obligations are as follows:

	Future Minimum Lease Payments(MLP)	Interest Elements of MLP	Present Value of Minimum Lease Payments
As at 31 March 2019			
Within less than one year	2.56	0.90	1.66
Between One and five years	10.24	1.64	8.60
After more than five years	-	-	-
	12.80	**2.54**	**10.26**
As at 31 March 2018			
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**

28 Borrowings (contd.)

Reconciliation of movements of liabilites to cash flows arising from financing activities

Particulars	Cash credit and overdraft from banks	Working capital demand loan including related party loans	Term loans	Finance lease obligations	Total
Balance at the beginning of the year					
- Borrowings	**5.63**	**14.00**	-	**4.89**	**24.52**
- Other financial liabilites	-	-	-	-	-
Changes from financing cash flows					
Loans availed during the year	-	127.70	15.00	-	**142.70**
Loans repaid during the year	-	(122.20)	-	(0.75)	**(122.95)**
Interest expense	1.63	2.11	0.20	0.68	**4.62**
Interest paid	(1.63)	(2.11)	(0.20)	(0.68)	**(4.62)**
Total changes from financing cash flows	-	**5.50**	**15.00**	**(0.75)**	**19.75**
Other changes					
Liability-related					
Change in bank overdraft	0.04	-	-	-	**0.04**
Change in cash credits	20.94	-			**20.94**
New finance leases	-	-	-	6.12	**6.12**
Total liability-related other changes	**20.98**	-	-	**6.12**	**27.10**
Balance at the end of the year					
-Borrowings	**26.61**	**19.50**	**15.00**	**10.26**	**71.37**
-Other financial liabilities	-	-	-	-	-

29 Trade payables

	As at 31 March 2019	As at 31 March 2018
Trade payables to related parties	0.05	0.05
Other trade payables	28.49	19.93
	28.54	**19.98**

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 2019	As at 31 March 2018
Advance from customers	0.01	0.02
Deposit from customers	0.51	0.47
Liability on account of share purchase agreement ^^	6.36	-
Contingent consideration*	7.16	-
Capital creditors	1.08	-
Other payables	0.84	0.24
	15.96	**0.73**
Non current	6.86	-
Current	9.10	0.73
	15.96	**0.73**

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

* Payable towards acquisition of shares in Auroma Logistics Private Limited.

^^ INR 6.36 crores pertains to an obligation to purchase remaining 10% equity stake in Auroma Logistics Private Limited, pursuant to share purchase agreement entered with erstwhile shareholders of Auroma Logistics Private Limited.

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Notes forming part of the standalone financial statements for the year ended 31 March 2019

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

31 Other current liabilities

	As at 31 March 2019	As at 31 March 2018
Dues to employees	2.09	3.01
Statutory dues	3.93	2.12
	6.02	**5.13**
Non current	-	-
Current	6.02	5.13
	6.02	**5.13**

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32 Provisions

	Non current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Provision for employee benefits				
Liability for gratuity	3.17	2.09	0.35	0.28
Liability for compensated absences	1.04	0.80	0.12	0.12
	4.21	**2.89**	**0.47**	**0.40**

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. Reconcilaition of the net defined liability

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

Reconciliation of present value of defined benefit obligation

	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	2.37	1.49
Benefits paid	(0.06)	(0.28)
Current service cost	0.21	0.29
Interest cost	0.37	0.19
Actuarial (gains) losses recognised in other comprehensive income		
- changes in demographic assumptions	-	-
- changes in financial assumptions	0.48	0.49
- experience adjustments	0.15	0.19
Balance at the end of the year	**3.52**	**2.37**

C. Expense recognised in the statement of profit or loss

	Year ended 31 March 2019	Year ended 31 March 2018
Current service cost	0.21	0.29
Interest cost	0.37	0.19
	0.58	**0.48**

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(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 2019	Year ended 31 March 2018
Actuarial gain on defined benefit obligations	0.63	0.68
	0.63	**0.68**

E. Defined benefit obligation

i. Actuarial assumptions

Principal actuarial assumptions at the reporting date:

	As at 31 March 2019	As at 31 March 2018
Discount rate	7.50%	7.50%
Future salary growth	10.00%	7.50%
Attrition rate	12.50%	12.50%

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 2019		As at 31 March 2018	
	Increase in %	Decrease in %	Increase in %	Decrease in %
Discount rate (1% movement)	(0.22)	0.24	(0.14)	0.15
Future salary growth (1% movement)	0.24	(0.22)	0.15	(0.14)
Attrition rate (1% movement)	(0.04)	0.04	(0.01)	0.01

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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33 Financial instruments - Fair values and risk management

A. Accounting classification and fair values

	Note	As at 31 March 2019				As at 31 March 2018			
		FVTPL	FVOCI	Amortised cost	At cost	FVTPL	FVOCI	Amortised cost	At cost
Financial assets not measured at fair value									
Trade receivables	19	-	-	76.69	-	-	-	55.21	-
Cash and cash equivalents	20	-	-	0.57	-	-	-	0.90	-
Other bank balances	21	-	-	0.59	-	-	-	3.72	-
Loans	23	-	-	21.76	-	-	-	12.00	-
Deposits and other receivables	22	-	-	15.35	-	-	-	9.53	-
Investments	17	-	-	-	73.66	-	-	-	15.20
Other financial assets	24	-	-	9.66	-	-	-	10.24	-
Total financial assets		-	-	**124.62**	**73.66**	-	-	**91.60**	**15.20**
Financial liabilities not measured at fair value									
Trade payables	29	-	-	28.54	-	-	-	19.98	-
Borrowings	28	-	-	71.37	-	-	-	24.52	-
Other financial liabilities	30	-	-	15.96	-	-	-	0.73	-
Total financial liabilities		-	-	**115.87**		-	-	**45.23**	-

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.

	As at 31 March 2019			As at 31 March 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets not measured at fair value						
Deposits and other receivables	-	15.35	-	-	9.53	-
	-	**15.35**	-	-	**9.53**	-

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(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 2019	**As at 31 March 2018**
Trade receivables	76.69	55.21
Cash and bank balances	0.57	0.90
Other bank balances	0.59	3.72
Loans	21.76	12.00
Investments	73.66	15.20
Deposits and other receivables (excluding unbilled revenue)	15.35	9.53
Other financial assets	9.66	10.24
Total	**198.28**	**106.80**

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.

(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 2019	As at 31 March 2018
Customer A	10.05	12.01
Customer B	9.34	8.23
Customer C	8.27	7.49
	27.66	**27.73**

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

As at 31 March 2019

	Gross carrying amount	Weighted-average loss rate	Loss allowance	Whether credit -impaired
Not due	36.10	0.00%	-	No
Past due 1-90 days	32.46	0.00%	-	No
Past due 90-180 days	5.14	0.00%	-	No
Past due 181-270 days	1.18	0.00%	-	No
Past due 271-365 days	1.95	7.18%	(0.14)	No
Past due for more than 365 days	0.52	100.00%	(0.52)	No
Total	**77.35**		**(0.66)**	

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	-	0.00%	-	No
Past due for more than 365 days	0.18	100.00%	(0.18)	No
Total	**55.39**		**(0.18)**	

(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:

	As at 31 March 2019	As at 31 March 2018
Balances at 1 April	0.18	0.15
Provision for the year	0.48	0.03
Balance at 31 March	**0.66**	**0.18**

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 1.16 at 31 March 2019 (31 March 2018: INR 4.62). 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	Gross	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
As at 31 March 2019							
Non derivative financial liabilities							
Loans from banks	61.11	63.96	46.81	0.70	8.57	7.88	-
Finance lease obligations	10.26	12.80	1.28	1.28	2.56	7.68	-
Trade payables	28.54	28.54	28.54	-	-	-	-
Other financial liabilities	15.96	19.29	3.86	5.58	0.50	9.35	-
	115.87	**124.59**	**80.49**	**7.56**	**11.63**	**24.91**	-

		Contractual cash flows					
	Carrying amount	Gross	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
As at 31 March 2018							
Non derivative financial liabilities							
Loan 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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Notes forming part of the standalone financial statements for the year ended 31 March 2019

(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.)

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 2019		As at 31 March 2018	
	INR	**USD**	**INR**	**USD**
Financial assets:				
Trade receivables	67.57	9.12	46.62	8.59
Investments	73.66	-	15.20	-
Loans	21.76	-	12.00	-
Cash and cash equivalents	0.57	-	0.90	-
Other bank balances	0.59	-	3.72	-
Deposits and other receivables	15.35	-	9.53	-
Other financial assets	8.47	1.19	10.24	-
Financial liabilities:				
Borrowings	(71.37)	-	(24.52)	-
Trade payables	(28.54)	-	(19.98)	-
Other financial liabilities	(15.96)	-	(0.73)	
Net assets / (liabilities)	**72.10**	**10.31**	**52.98**	**8.59**

Sensitivity analysis

A reasonably possible strengthening (weakening) of INR against US dollar at 31 March 2019 and 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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Notes forming part of the standalone financial statements for the year ended 31 March 2019
(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 2019				
USD (1% movement)	(0.10)	0.10	-	-
31 March 2018				
USD (1% movement)	(0.09)	0.09	-	-

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

Fixed rate instruments	As at 31 March 2019	As at 31 March 2018
Financial assets - Loans	21.76	12.00
Financial assets - Finance lease receivable	5.44	5.44
Financial liabilities- Term Loan	(15.00)	-
Financial liabilities- Working capital demand loan	(19.50)	(14.00)
Financial liabilities- Finance lease obligation	(10.26)	(4.89)
	(17.56)	**(1.45)**

Variable-rate instruments

	As at 31 March 2019	As at 31 March 2018
Financial liabilities- Secured loan	(26.61)	(5.63)
	(26.61)	**(5.63)**

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 2019		
Variable-rate instrument	(0.27)	0.27
Cash flow sensitivity (net)	**(0.27)**	**0.27**
31 March 2018		
Variable-rate instrument	(0.06)	0.06
Cash flow sensitivity (net)	**(0.06)**	**0.06**

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 2019	Year ended 31 March 2018
Lease expense	47.10	35.87

35 Capital commitments and contingent liabilities

	As at 31 March 2019	As at 31 March 2018
Estimated amount of contracts remaining to be executed on capital account and not provided	0.19	3.15
Contingent liabilities:		
Bank guarantees issued	7.00	-

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

36 Related parties

A. 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 (RCS)
	Auroma Logistics Private Limited (from 6 March 2019)
Fellow Subsidiaries	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:

For the year ended 31 March 2019	Director	CEO	CFO	Total
Short term employee benefits	-	0.78	0.43	1.21
Post-employment defined benefits	-	*	*	*
Compensated absences	-	*	*	*
Stock Compensation expense	-	0.22	0.13	0.35
Sitting fees	0.05	-	-	0.05
Total	**0.05**	**1.00**	**0.56**	**1.61**

For the year ended 31 March 2018	Director	CEO	CFO	Total
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**

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
Chennai

ProConnect Supply Chain Solutions Limited

Notes forming part of the standalone financial statements for the year ended 31 March 2019
(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 2019	Year ended 31 March 2018	As at 31 March 2019	As at 31 March 2018
Sale of goods and services				
Holding Company	65.39	67.91	9.34	7.49
Rental Expenses				
Holding company	3.18	2.41	0.49	-
Ensure Support Services India Limited	0.28	0.32	-	0.03
Service charges				
Holding company	0.22	0.69	-	-
Ensure Support Services India Limited	0.07	0.08	-	0.02
Interest expense				
Holding company	0.04	0.58	-	-
Reimbursement of expenses				
Ensure Support Services India Limited	-	0.01	-	-
Interest Income				
Subsidiary Company - RCS	0.53	-	0.07	-
Proceeds from issue of equity shares				
Holding company	25.00	-	-	-
Loan taken				
Holding company	5.00	14.00	-	-
Loan repaid				
Holding company	5.00	24.00	-	-
Dividend paid				
Holding company	4.35	3.62	-	-
Loan given				
Subsidiary Company - RCS	21.97	-	9.76	-
Repayment of loan given				
Subsidiary Company - RCS	12.21	-	-	-

(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 2019	Year ended 31 March 2018
(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

A. Details of 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 ★ Chennai

(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 2019	31 March 2018
Fair value at grant date (weighted-average) *	INR 71.99 per SAR	INR 71.99 per SAR
Share price at grant date *	INR 174.60 per share	INR 174.60 per share
Base price / Exercise price *	INR 148.50 per SAR	INR 148.50 per SAR
Expected volatility (weighted-average) *	35.72%	35.72%
Expected life (weighted-average) *	4.10 years	4.10 years
Expected dividends *	1.20%	1.20%
Risk-free interest rate (weighted-average) *	7.02%	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 share option plan were as follows:

	Number of SARs	
Particulars	31 March 2019	31 March 2018
Outstanding as at 01 April	1,104,000	-
Add: Granted during the year	-	1,104,000
Less: Exercise during the year	-	-
Less: Forfeited during the year	-	-
Outstanding as at 31 March	1,104,000	1,104,000
SARs exercisable at the end of the year	Nil	Nil

The SARs outstanding as at 31 March 2019 and 31 March 2018 have a base price / exercise price of INR 148.50 per SAR and a weighted average remaining contractual life of 2.85 years (31 March 2018: 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.

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ProConnect Supply Chain Solutions Limited * Chennai

39 Subsequent events

There are no significant subsequent events that have occurred after the reporting period till the date of this financial statements.

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

S Sethuraman
Partner
Membership No. 203491

Place: Chennai
Date: 20 May 2019

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

Arunachalam R
Chief Executive Officer

Kasi Viswanathan P.S
Chief Financial Officer

Vignesh Kumar S M
Company Secretary

Place: Chennai
Date: 20 May 2019

Rajprotim Supply Chain Solutions Limited

Balance Sheet as at 31st March 2019

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

	Note	As at 31 March 2019	As at 31 March 2018
Assets			
Non-current assets			
Property, plant and equipment	13	170.91	113.99
Intangible assets	14	280.63	381.17
Financial assets			
Deposits and other receivables	17	298.91	265.35
Deferred tax assets	12	59.80	5.75
Other non-current assets	18	63.99	41.62
Total non-current assets		**874.24**	**807.88**
Current assets			
Financial assets			
Trade receivables	15	2,725.16	3,213.04
Cash and cash equivalents	16	45.26	8.33
Deposits and other receivables	17	236.70	48.33
Other current assets	18	4,526.66	1,840.63
Total current assets		**7,533.78**	**5,110.33**
Total assets		**8,408.02**	**5,918.21**
Equity and liabilities			
Equity			
Equity share capital	19A	1,116.66	1,116.66
Other equity			
Securities premium	19B	883.34	883.34
Retained earnings		1,129.90	592.96
Other comprehensive Income		1.40	0.11
Total equity		**3,131.30**	**2,593.07**
Liabilities			
Non-current liabilities			
Provisions	25	9.35	6.79
Total non-current liabilities		**9.35**	**6.79**
Current liabilities			
Financial liabilities			
Borrowings	21	4,135.05	2,050.95
Trade payables	22		
Total outstanding dues of Micro and Small enterprises			
Total outstanding dues other than from Micro and Small enterprises		896.86	861.98
Other financial liabilities	23	109.15	55.06
Provisions	25	0.03	0.02
Income tax liabilities (net)		48.85	62.55
Other current liabilities	24	77.43	287.79
Total current liabilities		**5,267.37**	**3,318.35**
Total liabilities		**5,276.72**	**3,325.14**
Total equity and liabilities		**8,408.02**	**5,918.21**
	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: May 17, 2019

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

Kasi Viswanathan.P.S
Director
DIN 07562333

Dr.R.Arunachalam
Director
DIN 07562318

Place: Kolkata
Date: May 17, 2019

Vignesh Kumar.S.M
Company Secretary

Samik Banerjee
Chief Financial Officer

Rajprotim Supply Chain Solutions Limited

Statement of Profit and Loss for the Year ended 31 March 2019

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

	Note	Year ended 31 March 2019	Year ended 31 March 2018
Revenue			
Revenue from operations	6	11,596.57	11,879.54
Other Income	7	30.90	13.82
Total Revenue		**11,627.47**	**11,893.36**
Expenses			
Employee benefit expense	8	542.20	452.99
Finance costs	9	288.54	115.80
Depreciation and amortisation expense	10	155.84	141.26
Other expenses	11	9,883.90	10,470.12
Total expenses		**10,870.48**	**11,180.17**
Profit before tax		**756.99**	**713.19**
Income tax			
Current tax	12	274.10	256.42
Current tax for earlier period			(10.68)
Deferred tax		(54.05)	(3.01)
Income tax expense		**220.05**	**242.73**
Profit for the year/ period		**536.94**	**470.46**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the defined benefit liability		1.79	0.17
Income tax relating to items that will not be reclassified to profit or loss		(0.50)	(0.06)
Net other comprehensive income not to be reclassified subsequently to profit or loss		**1.29**	**0.11**
Other comprehensive income for the year, net of income tax		**1.29**	0.11
Total comprehensive income for the year/period		**538.24**	**470.57**
Earnings per share			
Basic and diluted earnings per share (in Indian Rupees)	20	4.82	4.83
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: May 17, 2019

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

Kasi Viswanathan.P.S
Director
DIN 07562333

Dr.R.Arunachalam
Director
DIN 07562318

Vignesh Kumar.S.M
Company Secretary

Samik Banerjee
Chief Financial Officer

Place: Kolkata
Date: May 17, 2019

Rajprotim Supply Chain Solutions Limited

Statement of cash flow for the year ended 31 March 2019

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

	Year Ended 31 March 2019	Year ended 31 March 2018
Cash flow from operating activities		
Profit for the year	756.99	713.19
Adjustments for:		
Depreciation and amortisation	155.84	141.26
Finance costs	288.54	115.80
Remeasurements of the defined benefit liability	1.79	0.17
Interest income on security deposits at amortised cost	(26.72)	(5.30)
Prepayment cost of Security deposits	27.81	6.72
	1,204.26	**971.84**
Working capital adjustments:		
(Increase) decrease in trade receivables	487.88	(1,854.97)
(Increase) decrease in deposits and other receivables	(223.02)	352.97
Increase (decrease) in other current / non current assets	(2,698.69)	(1,791.82)
Increase (decrease) in trade payable and other financial liabilities	88.97	151.37
(Decrease)/ increase in provisions and other liabilities	(207.80)	255.26
Cash generated from operating activities	**(1,348.41)**	**(1,915.35)**
Income tax paid (net)	(288.09)	(233.71)
Net cash generated from / (used in) operating activities (A)	**(1,636.50)**	**(2,149.06)**
Cash flow from investing activities		
Acquisation of property, plant and equipment	(122.13)	(214.80)
Net cash generated from / (used in) investing activities (B)	**(122.13)**	**(214.80)**
Cash flow from financing activities		
Proceeds from issue of share capital (including securities premium)	-	700.00
Proceeds from short term borrowings from related parties	976.00	-
Interest paid	(288.54)	(115.80)
Net cash generated from / (used in) financing activities (C)	**687.46**	**584.20**
Net decrease in cash and cash equivalents (A+B+C)	**(1,071.17)**	**(1,779.66)**
Cash and cash equivalents as at April 1,	(2,042.62)	(262.96)
Cash and cash equivalents as at March 31,	**(3,113.79)**	**(2,042.62)**

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**
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Hitesh.B
Partner
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Place: Kolkata
Date: May 17, 2019

Vignesh Kumar.S.M
Company Secretary

Samik Banerjee
Chief Financial Ofiicer

Rajprotim Supply Chain Solutions Limited

Statement of changes in equity for the year ended 31 Mar 2019

(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
Shares issued during the year	-	-
Balance at 31 March 2019	**1,11,66,666**	**1,116.66**

(b) Other equity

	Attributable to the owners of the company			Total
	Reserves and surplus		Other Comprehensive Income	
	Securities premium	Retained earnings	Remeasurement of the defined benefit liability	
Balance as at 31March 2017	**466.67**	**122.50**	-	**589.17**
Total comprehensive income				
Profit for the period	-	470.46	-	**470.46**
Total Comprehensive income for the period ended 31 March 2017	-	-	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**
Balance at 1 April 2018	**883.34**	**592.96**	**0.11**	**1,476.41**
Total comprehensive income for the Period ending 30 Mar 2019				
Profit for the year	-	536.94	-	**536.94**
Other comprehensive income for the year (net of tax)	-	-	1.29	**1.29**
Total comprehensive income	-	**536.94**	**1.29**	**538.23**
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Shares issued during the period		-	-	-
Total transactions with owners	-	-	-	-
Balance at 31 Mar 2019	**883.34**	**1,129.90**	**1.40**	**2,014.64**

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
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Place: Chennai
Date: May 17, 2019

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Company Secretary

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Chief Financial Officer

Place: Kolkata
Date: May 17, 2019

Rajprotim Supply Chain Solutions Limited

Notes to the financial statements for the year ended 31 March 2019

(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.

These financial statements were authorised for issue by the Company's Board of Directors on 17 May 2019.

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	Mearuement 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 2019 is included in the following notes:

- Note 25 – measurement of defined benefit obligations: key actuarial assumptions.
- Note 26 – impairment of financial assets.

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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.

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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.

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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).

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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.

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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.

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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.

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Kolkata

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.

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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 116 Leases : On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

• Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors

• Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

• Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or

• An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods.

Accordingly, the cumulative effect of initially applying this standard will be recognised as an adjustment to the opening balance of retained earnings i.e 1st April 2019, consequently, comparatives for the year ended 31st March 2018 will not be retrospectively adjusted.

The Company is currently evaluating the impact this standard will have on the financial statement.

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5 Operating segments

The Company is engaged in only one business namely providing supply chain manaement ('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 entitrely 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 2019	Year ended 31 March 2018
Customer A	1,224.34	2145.02
Customer B		1340.68
Total	**1,224.34**	**3,485.70**

6 Revenue from operations

	Year Ended 31 March 2019	Year ended 31 March 2018
Sale of services		
Income from supply chain management services	11,596.57	11,879.54
	11,596.57	**11,879.54**

7 Other income

	Year Ended 31 March 2019	Year ended 31 March 2018
Interest income on		
Security deposits at amortised cost	26.72	5.30
Miscellaneous income	4.18	8.52
	30.90	**13.82**

8 Employee benefit expenses

	Year Ended 31 March 2019	Year ended 31 March 2018
Salaries, wages and bonus	457.51	367.99
Contribution to provident funds	17.13	19.35
Expenses related to post-employment defined benefit plans (refer note 25)	4.36	4.68
Expenses related to compensated absences	-	-
Staff welfare expenses	63.20	60.97
	542.20	**452.99**

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9 Finance costs

	Year Ended 31 March 2019	Year ended 31 March 2018
Interest on cash credit / working capital loans	288.54	115.80
	288.54	**115.80**

10 Depreciation and amortisation expense

	Year Ended 31 March 2019	Year ended 31 March 2018
Depreciation of property, plant and equipment (refer note 13)	54.47	38.31
Amortisation of intangible assets (refer note 14)	101.37	102.95
	155.84	**141.26**

11 Other expenses

	Year Ended 31 March 2019	Year ended 31 March 2018
Freight, delivery and shipping charges	5,573.53	6,236.66
Rent	1,293.82	1,019.71
Warehouse handling charges	2,403.92	2,747.69
Power and fuel	49.83	46.34
Rates and taxes	4.69	7.53
Insurance	-	-
Repairs and maintenance		
Plant & Equipment	11.36	7.06
Others	30.43	29.82
Legal and professional charges (refer note (a) below)	34.10	92.42
Travel and Conveyance	75.82	69.08
Communication expenses	63.68	24.29
Security services	259.69	125.19
Printing and stationery	50.17	59.72
Bank charges	2.77	3.51
Expenditure on Corporate social responsibility (refer note (b))	9.01	-
Miscellaneous expenses	21.08	1.10
	9,883.90	**10,470.12**

a. Payment to auditors

	Year Ended 31 March 2019	Year ended 31 March 2018
Statutory audit	2.75	2.75
Tax audit	0.50	0.50
Reimbursement of expenses	0.65	0.50
	3.90	**3.75**

b. Details of Corporate Social Responsibility expenditure

The company did not meet the thersold as specified under Sec 35 of Companies Act, 2013 for the year 31st March 2018 and as such the requirements related to Corporate Social Responsibility was not applicable previous year

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12 Income tax

A. Amount recognised in the profit and loss

	Year Ended 31 March 2019	Year ended 31 March 2018
Current tax		
Current period	274.60	256.42
Current tax for earlier period		(10.68)
Total current tax expense	**274.60**	**245.74**
Deferred tax		
Origination and reversal of temporary difference	(54.05)	(3.01)
Total deferred tax expense / (benefit)	**(54.05)**	**(3.01)**
	220.55	**242.73**

B. Income tax recognised in other comprehensive income

	Year Ended			Year ended		
	Before tax	Tax (expense) / benefit	Net of tax	Before tax	Tax (expense) / benefit	Net of tax
Remeasurement of defined benefit liability (asset)	1.79	(0.50)	1.29	0.17	(0.06)	0.11
	1.79	**(0.50)**	**1.29**	**0.17**	**(0.06)**	**0.11**

C. Reconciliation of effective tax rate

	Year Ended 31 March 2019		Year ended 31 March 2018	
Profit before tax		**756.99**		**713.19**
Enacted tax rates in India	27.820%		33.063%	
Computed expected tax expense		210.60		235.80
Effect of exempt non-operating income	0.00%		0.00%	
Changes in estimates related to prior years	0.00%		0.00%	-
Effect of non-deductible expenses	1.25%	9.45	0.97%	6.93
Income tax expense	29.07%	220.05	34.03%	242.73

(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 Mar 2019	As at 31 March 2018	As at 31 Mar 2019	As at 31 March 2018	As at 31 Mar 2019	As at 31 March 2018
Property, plant and equipment	23.89	2.02	14.39	-	9.50	2.02
Intangible Assets			6.80	10.24	(6.80)	(10.24)
Provision - employee benefits	14.25	5.03	0.95		13.30	5.03
Provision - others	43.80	8.94	-		43.80	8.94
			-	-	-	-
Net deferred tax (assets) liabilities	**81.94**	**15.99**	**22.14**	**10.24**	**59.80**	**5.75**

Movement in temporary differences:

	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	Recognized in profit or loss during 2018-19	Recognized in OCI during 2018-19	Balance as at 31 March 2019
Property, plant and equipment	(0.48)	2.50		2.02	7.48		9.50
Intangible Assets	(9.03)	(1.21)		(10.24)	3.44		(6.80)
Provision - employee benefits	3.77	1.26		5.03	8.27		13.30
Provision - others	8.48	0.46		8.94	34.86		43.80
	-			-			-
	2.74	**3.01**	-	**5.75**	**54.05**	-	**59.80**

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13 Property, plant and equipment

	Leasehold premises	Plant and machinery	Office equipments	Furniture and fixtures	Computers	Land & Building	Total
Deemed cost							
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**
Additions		9.25	24.90	44.85	11.74	20.86	111.60
Disposals							-
Balance at 31 Mar 19	-	**40.23**	**73.35**	**92.24**	**43.83**	**20.86**	**270.51**
Accumulated depreciation							
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**
Additions		8.00	11.82	20.24	12.28	2.34	54.68
Disposals							-
Balance at 31 Mar 19		**15.14**	**24.74**	**33.00**	**24.38**	**2.34**	**99.60**
Carrying amount (net)							
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
As at 31 Mar 2019		25.09	48.61	59.24	19.45	18.52	170.91

14 Intangible assets

	Software	Customer contracts*	Total
Deemed cost			
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**
Additions	0.83		0.83
Disposals			-
Balance at 31 Mar 19	**5.85**	**500.00**	**505.85**
Accumulated amortisation			
Balance at 31 March 2017			-
Additions	0.46	20.44	20.90
Disposals	2.95	100.00	102.95
Balance at 31 March 2018	**3.41**	**120.44**	**123.85**
Additions	1.37	100.00	101.37
Disposals			-
Balance at 31 Mar 19	**4.78**	**220.44**	**225.22**
Carrying amount (net)			
As at 31 March 2017	2.52	370.55	373.07
As at 31 March 2018	1.61	379.56	381.17
As at 31 Mar 2019	**1.07**	**279.56**	**280.63**

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15 **Trade receivables**

	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good	2,725.16	3,213.04
Doubtful	-	-
Less : Loss allowance	-	-
	2,725.16	**3,213.04**
Current	2,725.16	3,213.04
	2,725.16	**3,213.04**

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 2019	As at 31 March 2018
Cash in hand	19.91	6.03
Balance with banks:		
- in current accounts	25.35	2.30
Cash and cash equivalents in balance sheet	45.26	8.33
Less: Bank overdrafts and cash credit facilities used for cash management purposes	3,159.05	2,050.95
Cash and cash equivalents in the statements of cash flows	**(3,113.79)**	**(2,042.62)**

17 **Deposits and other receivables**

	As at 31 March 2019	As at 31 March 2018
Non-current		
Security deposit	298.91	265.35
	298.91	**265.35**
Current		
Security deposit	75.50	48.33
Unbilled revenue	161.21	-
	236.71	**48.33**

18 **Other assets**

	As at 31 March 2019	As at 31 March 2018
Non-current		
Capital advances	9.70	-
Prepayments	54.28	41.62
	63.98	**41.62**
Current		
Prepayments	13.75	31.36
Balances with Statutory authorities	0.10	-
Others	4,512.81	1,809.27
	4,526.66	**1,840.63**

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19A Share Capital

	As at 31 March 2019	As at 31 March 2018
Authorised		
15,000,000 (31 March 2018: 10,000,000 and 25 July 2016 50,000) equity shares of Rs. 10 each	1,500.00	1,500.00
Issued, Subscribed and Paid-up		
11,166,666(31 March 2019:Issued 1,11,66,666 Subscribed 1,11,66,666 and 31 March 2018: 1,11,66,666 equity shares of Rs. 10 each fully paid up	1,116.66	1,116.66

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

Particulars	31 March 2019		31 March 2018	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares				
At the commencement of the period	11,166,666	1,116.66	8,333,333	833.33
Share issued for cash	-	-	2,833,333	283.33
At the end of the period	**11,166,666**	**1,116.66**	**11,166,666**	**1,116.66**

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 2019, 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 2019		As at 31 March 2018	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares of Rs. 10/- each paid up held by Proconnect Supply Chain Solutions Ltd and its nominees	9,826,666	982.67	8,486,666	848.67
Partha Protim Banerjee	1,340,000	134.00	2,680,000	268.00
Total	**11,166,666**	**1,117**	**11,166,666**	**1,117**

19B Other equity

a. ***Securities premium***

	As at 31 March 2019	As at 31 March 2018
At the commencement of the period	**883.34**	**466.67**
Shares issued for cash	-	**416.67**
At the end of the period	**883.34**	**883.34**

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.

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19A Share Capital

	As at 31 March 2019	As at 31 March 2018
Authorised		
15,000,000 (31 March 2018: 10,000,000 and 25 July 2016 50,000) equity shares of Rs. 10 each	1,500.00	1,500.00
Issued, Subscribed and Paid-up		
11,166,666(31 March 2019:Issued 1,11,66,666 Subscribed 1,11,66,666 and 31 March 2018: 1,11,66,666 equity shares of Rs. 10 each fully paid up	1,116.66	1,116.66

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

Particulars	31 March 2019		31 March 2018	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares				
At the commencement of the period	11,166,666	1,116.66	8,333,333	833.33
Share issued for cash	-	-	2,833,333	283.33
At the end of the period	**11,166,666**	**1,116.66**	**11,166,666**	**1,116.66**

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 2019, 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 2019		As at 31 March 2018	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares of Rs. 10/- each paid up held by Proconnect Supply Chain Solutions Ltd and its nominees	9,826,666	982.67	8,486,666	848.67
Partha Protim Banerjee	1,340,000	134.00	2,680,000	268.00
Total	11,166,666	1,117	11,166,666	1,117

19B Other equity

a. ***Securities premium***

	As at 31 March 2019	As at 31 March 2018
At the commencement of the period	**883.34**	**466.67**
Shares issued for cash	-	**416.67**
At the end of the period	**883.34**	**883.34**

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.

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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 diluted earnings per share calculation are as follows.

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

	Year ended 31 March 2019	Year ended 31 March 2018
Profit (loss) for the year, attributable to the equity holders	538.24	470.57

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

	31 March 2019	31 March 2018
Weighted average number of equity shares used as denominator in calculating basic earnings per share	111.67	97.45
Weighted average number of equity shares for the year	**111.67**	**97.45**

21 **Borrowings**

	Year ended 31 March 2019	Year ended 31 March 2018
Current borrowings		
Loans from banks	3,159.05	2,050.95
Loans from related party (unsecured)	976.00	-
	4,135.05	**2,050.95**

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 outstnading borrowings are as follows:

I	Currency	Nominal interest rate	Year of maturity	Carrying amount at 31 March 2019	Carrying amount at 31 March 2018
Cash credit/ WCDL	INR	9.95%	2019-20	3,159.05	2,050.95
Loans from related party (unsecured)	INR	10.00%	2019-20	976.00	-
				4,135.05	**2,050.95**

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 2019	Year ended 31 March 2018
Trade payables to related parties	-	428.29
Other trade payables	896.86	433.69
	896.86	**861.98**

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 2019	Year ended 31 March 2018
Dues to employees	100.40	49.28
Other payables	8.75	5.78
	109.15	**55.06**
Non current	-	-
Current	109.15	55.06
	109.15	**55.06**

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 2019	Year ended 31 March 2018
Statutory dues	77.43	287.79
	77.43	287.79

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25 Provisions

	Non current		Current	
	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018
Provision for employee benefit				
Liability for gratuity	9.35	6.79	0.03	0.02
Liability for compensated absences	-			
	9.35	**6.79**	**0.03**	**0.02**

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. Reconcilaition of the net defined beneift (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 2019	Year ended 31 March 2018
Balance at the beginning of the year	6.81	2.30
Benefits paid		
Current service cost	3.81	4.50
Interest cost	0.53	0.18
Actuarial (gains) losses recognised in other comprehensive income		
- changes in demographic assumptions		
- changes in financial assumptions		
- experience adjustments	(1.77)	(0.17)
Balance at the end of the year	**9.38**	**6.81**

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

	Year ended 31 March 2019	Year ended 31 March 2018
Current service cost	3.81	4.50
Interest cost	0.53	0.18
	4.34	**4.68**

Remeasurements recognised in other comprehensive income

	Year ended 31 March 2019	Year ended 31 March 2018
Actuarial gain on defined benefit obligations	(1.77)	(0.17)
	(1.77)	**(0.17)**

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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 2019	Year ended 31 March 2018
Discount rate	7.75%	7.75%
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 2019		Year ended 31 March 2018	
	Increase in %	Decrease in %	Increase in %	Decrease in %
Discount rate (1% movement)	(0.09)	0.10	(0.11)	0.13
Future salary growth (1% movement)	0.10	(0.09)	0.13	(0.11)
Attrition rate (1% movement)	-	-		

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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26 Financial instruments - Fair values and risk management

A. Accounting classification and fair values

	Note	31 March 2019			31 March 2018		
		FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets not measured at fair value							
Trade receivables	15	-	-	2,725.16	-	-	3,213.04
Cash and cash equivalents	16	-	-	45.26	-	-	8.33
Unbilled Revenue		-	-		-	-	
Deposits and other receivables	17	-	-	535.61	-	-	313.68
Other financial assets	17	-	-		-	-	
Total financial assets		-	-	**3,306.03**	-	-	**3,535.05**
Financial liabilities not measured at fair value							
Trade payables	22	-	-	896.86	-	-	861.98
Borrowings	21	-	-	4,135.05	-	-	2,050.95
Other financial liabilities	23	-	-	109.15	-	-	55.06
Total financial liabilities		-	-	5,141.06	-	-	2,967.99

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.

	31 March 2019			31 March 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at fair value						
Security deposits	-	-	535.61	-		313.68
	-	-	**535.61**	-		**313.68**

(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 2019	**As at 31 March 2018**
Trade receivables	2,725.16	3,213.04
Unbilled revenue	161.21	
Total trade and other receivables	**2,886.37**	**3,213.04**
Cash and bank balances	45.26	8.33
Deposits and other receivables (excluding unbilled revenue)	374.41	313.68
Others		
Total	**3,306.04**	**3,535.05**

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 2019	**As at 31 March 2018**
Customer A	351.87	637.45
Customer B		501.88
	351.87	**1,139.33**

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 2019	As at 31 March 2018
Not due	968.45	1,611.40
Past due 1-30 days	483.34	800.82
Past due 30-90 days	706.14	324.78
Past due 90-180 days	337.97	476.03
Past due 180-365 days	101.35	
Greater than 365 days	127.91	
Total	2725.16	3213.026

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:

	As at 31 March 2019	As at 31 March 2018
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 45.26 lakhs at 31 March 2019 (31 March 2018: INR 8.33 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:

	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 2019							
Non derivative financial liabilities							
Secured loans:							
- Cash credit facilities	4,135.05	4,135.05	4,135.05	-	-	-	-
Trade payables	896.86	896.86	896.86	-	-	-	-
Other financial liabilities	109.15	109.15	109.15		-	-	-
	5,141.06	**5,141.06**	**5,141.06**	-	-	-	-

B H & CO. CHARTERED ACCOUNTANTS CHENNAI

Rajprotim Supply Chain Solutions Limited Kolkata

(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 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**	-	-	-	-

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 2019	31 March 2018
Financial liabilities- Secured loan	(3,159.05)	(2,050.95)
	(3,159.05)	**(2,050.95)**

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 2019	Year ended 31 March 2018
Payable in less than one year	671.98	447.12
Payable between one and five years	829.11	1,031.51
More than five years		51.36
Total	1,501.09	1,529.99

28 **Capital commitments and contingent liabilities**

	As at March 31 2019	As at March 31 2018
Estimated amount of contracts remaining to be executed on capital	10.97	209.50

ACCOUNTANTS · B H & CO. · CHARTERED
CHENNAI

Rajprotim Supply Chain Solutions Limited
Kolkata

(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. Samik Banerjee , Chief finance officer
	Mr. Vigneshkumar S.M, Company Secretary
Private Company in which a Director is a Director Sec 2(76))	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 2019	For the year ended 31 March 2018
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 2019	For the year ended 31 March 2018	As at 31 March 2019	As at 31 March 2018
Issue Shares including Securities premium				
Holding Company		532.00		
Managing Director		168.00		
Services Received				
Freight,Warehouse rent & Handling Charges etc				
Rajprotim Agencies Private Ltd.	5,430.05	8,182.03	-	428.29
Rental Expenses				
Rajprotim Agencies Private Ltd.	15.37	29.76		
Other Expenses (including Reimbursements)				
Rajprotim Agencies Private Ltd.	33.47	46.53	-	-
Rajprotim Logistics Private Ltd.	-	0.04		
Interest Expenses				
ProConnect Supply Chain Solutions Ltd.	52.64		-	-
Other Receivables				
Rajprotim Agencies Private Ltd.			(3,963)	(1,686)
Borrowings				-
ProConnect Supply Chain Solutions Ltd.			(983)	-

B H & CO. CHARTERED ACCOUNTANTS CHENNAI

Rajprotim Supply Chain Solutions Limited Kolkata

Rajprotim Supply Chain Solutions Limited
Notes to the financial statements for the year ended 31 March 2019
(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 2019	For the year ended 31 March 2018
(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 previous year ending 31st March 2018, 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 B H & CO
Chartered Accountants
ICAI Firm Registration No.013397S

Hitesh.B
Partner
Membership No. 222580

Place: Chennai
Date: May 17, 2019

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

Kasi Viswanathan.P.S
Director
DIN 07562333

Dr.R.Arunachalam
Director
DIN 07562318

Vignesh Kumar.S.M
Company Secretary

Samik Banerjee
Chief Financial Officer

Place: Kolkata
Date: May 17,2019

AUROMA LOGISTICS PRIVATE LIMITED

Balance Sheet as at 31 March 2019

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

	Note	As at 31 March 2019	As at 31 March 2018
Assets			
Non-current assets			
Property, plant and equipment	13	1,03,48,475	96,80,903
Financial assets			
Deposits and other receivables	17	2,10,67,046	1,86,02,293
Deferred tax assets	12	21,36,345	24,57,115
Income Tax (net)		41,47,802	86,408
Other non-current assets	18	11,54,709	12,73,149
Total non-current assets		**3,88,54,377**	**3,20,99,867**
Current assets			
Financial assets			
Trade receivables	14	18,75,45,530	10,87,53,616
Cash and cash equivalents	15	3,69,47,341	7,05,01,589
Other Bank Balances	16	3,66,29,640	3,41,18,189
Deposits and other receivables	17	15,88,145	10,61,243
Other current assets	18	72,74,083	76,30,078
Total current assets		**26,99,84,739**	**22,20,64,715**
Total assets		**30,88,39,116**	**25,41,64,582**
Equity and liabilities			
Equity			
Equity share capital	19A	1,00,000	1,00,000
Other equity			
Securities premium	19B		
Retained earnings		19,81,73,011	16,14,75,872
Other comprehensive Income		4,38,751	-
Total equity		**19,87,11,762**	**16,15,75,872**
Liabilities			
Non-current liabilities			
Provisions	24	20,62,410	-
Total non-current liabilities		**20,62,410**	-
Current liabilities			
Financial liabilities			
Borrowings	21	-	1,47,80,812
Trade payables	22	8,88,21,101	6,49,17,556
Provisions	24	2,23,222	-
Income tax liabilities	12		
Other current liabilities	23	1,90,20,621	1,28,90,342
Total current liabilities		**10,80,64,944**	**9,25,88,710**
Total liabilities		**11,01,27,354**	**9,25,88,710**
Total equity and liabilities		**30,88,39,116**	**25,41,64,582**
Significant accounting policies	3		

The accompanying notes form an integral part of financial statements

As per our report of even date attached
for S.KALYANASUNDARAM & CO
Chartered Accountants
ICAI Firm Registration No.05408-S

S.Anandakumar
Partner
Membership No. 205807

S.KALYANASUNDARAM & CO. PONDICHERRY CHARTERED ACCOUNTANTS

Place: Chennai
Date: 15.5.19

for and on behalf of the Board of Directors of
AUROMA LOGISTICS PRIVATE LIMITED

Auroma Logistics Pvt Ltd

Ajay virmani
Director
DIN 01812125

Kasi Viswanathan.P.S
Director
DIN 07562333

Place: Chennai
Date: 15.5.19

AUROMA LOGISTICS PRIVATE LIMITED

Statement of changes in equity for the year ended 31 March 2019

(All amounts are in Indian Rupees , 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 1 April 2017	10,000	1,00,000
Shares issued during the period	-	-
Balance as at 31st March 2018	10,000	1,00,000
Shares issued during the year	-	-
Balance at 31 March 2019	**10,000**	**1,00,000**

(b) Other equity

	Attributable to the owners of the company			Total
	Reserves and surplus		Other Comprehensive Income	
	Securities premium	Retained earnings	Remeasurement of the defined benefit liability	
Balance as at 1 April 2017	-	**12,50,48,774**	-	**12,50,48,774**
Profit for the period	-	3,64,27,098	-	**3,64,27,098**
Total Comprehensive income for the period ended 31 March 2018	-	-		-
Total comprehensive income	-	**3,64,27,098**	-	**3,64,27,098**
Transactions with owners, recorded directly in equity				
Contributions and distributions to owners				
Shares issued during the period		-	-	-
Total transactions with owners	-	-	-	-
Balance at 31 March 2018	-	**16,14,75,872**	-	**16,14,75,872**
Balance at 1 April 2018	-	**16,14,75,872**	-	**16,14,75,872**
Total comprehensive income for the period ended 31 March 2019				
Profit for the year	-	3,66,97,139	-	**3,66,97,139**
Other comprehensive income for the year	-		4,38,751	**4,38,751**
Total comprehensive income	-	**3,66,97,139**	**4,38,751**	**3,71,35,890**
Contributions and distributions to owners				
Shares issued during the period		-	-	
Total transactions with owners	-	-	-	-
Balance at 31 March 2019	-	**19,81,73,011**	**4,38,751**	**19,86,11,762**

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 **S.KALYANASUNDARAM & CO**
Chartered Accountants
ICAI Firm Registration No.05408-S

S.Anandakumar
Partner
Membership No. 205807

Place: Chennai

S.KALYANASUNDARAM & CO. PONDICHERY CHARTERED ACCOUNTANTS

for and on behalf of the Board of Directors of
AUROMA LOGISTICS PRIVATE LIMITED

Auroma Logistics Pvt Ltd

Ajay virmani
Director
DIN 01812125

Place: Chennai

Kasi Viswanathan.P.S
Director
DIN 07562333

AUROMA LOGISTICS PRIVATE LIMITED

Statement of Profit and Loss for the Year ended 31 March 2019

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

	Note	Year ended 31-Mar-19	Year ended 31-Mar-18
Revenue			
Revenue from operations	6	71,73,89,140	60,37,90,062
Other Income	7	33,44,449	20,72,741
Total Revenue		**72,07,33,589**	**60,58,62,803**
Expenses			
Employee benefit expense	8	3,94,46,872	3,97,34,097
Finance costs	9	20,98,404	24,48,827
Depreciation and amortisation expense	10	45,57,145	42,42,025
Other expenses	11	62,25,82,509	50,60,85,502
Total expenses		**66,86,84,930**	**55,25,10,451**
Profit before tax		**5,20,48,659**	**5,33,52,352**
Income tax			
Current tax	12		
Current tax for earlier period		1,50,30,750	1,82,23,733
Deferred tax		3,20,770	(12,98,479)
Income tax expense		**1,53,51,520**	**1,69,25,254**
Profit for the year/ period		**3,66,97,139**	**3,64,27,098**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the defined benefit liability (net of tax)		(4,38,751)	
Net other comprehensive income not to be reclassified subsequently to profit or loss		**(4,38,751)**	-
Other comprehensive income for the year, net of income tax		**(4,38,751)**	-
Total comprehensive income for the year/period		**3,71,35,890**	**3,64,27,098**
Earnings per share			
Basic and diluted earnings per share (in Indian Rupees)	20	37,135.89	36,427.10
Significant accounting policies	3		

The accompanying notes form an integral part of financial statements

As per our report of even date attached
for S.KALYANASUNDARAM & CO
Chartered Accountants
ICAI Firm Registration No.05408-S

S.Anandakumar
Partner
Membership No. 205807

S.KALYANASUNDARAM & CO. PONDICHERY CHARTERED ACCOUNTANTS

Place: Chennai
Date: 15.5.19

for and on behalf of the Board of Directors of
AUROMA LOGISTICS PRIVATE LIMITED

Auroma Logistics Pvt Ltd

Ajay virmani
Director
DIN 01812125

Kasi Viswanathan.P.S
Director
DIN 07562333

Place: Chennai
Date: 15.5.19

AUROMA LOGISTICS PRIVATE LIMITED

Standalone Statement of cash flow for the year ended 31 March 2019

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

		Year ended 31 March 2019
Cash flow from operating activities		
Profit for the year		5,20,48,659
Adjustments for:		
Depreciation and amortisation		45,57,145
Finance costs		20,98,404
Interest on FD		(19,30,688)
Interest income on security deposits at amortised cost		(14,13,761)
Remeasurements of the defined benefit liability		4,38,751
Prepayment of rent		14,64,206
		5,72,62,716
Working capital adjustments:		
(Increase) decrease in trade receivables		(7,87,91,914)
(Increase) decrease in deposits and other receivables		(30,42,100)
Increase (decrease) in other current / non current assets		(3,23,928)
Increase (decrease) in trade payable		2,39,03,545
Increase (decrease) in other financial liabilities		-
(Decrease)/ increase in provisions		22,85,632
(Decrease)/ increase in other liabilities		61,30,279
Cash generated from operating activities		**74,24,230**
Income tax paid (net)		(1,90,92,074)
Net cash generated from / (used in) operating activities (A)		**(1,16,67,844)**
Cash flow from investing activities		
Acquisation of property, plant and equipment		(52,24,718)
Interest on FD		27,29,051
Investment in Bank deposit with original maturity of more than 3 months		(25,11,451)
Net cash generated from / (used in) investing activities (B)		**(50,07,188)**
Cash flow from financing activities		
Proceeds from issue of share capital (including securities premium)		-
Proceeds from short term borrowings from related parties		(1,47,80,812)
Interest paid		(20,98,404)
Net cash generated from / (used in) financing activities (C)		**(1,68,79,216)**
Net decrease in cash and cash equivalents (A+B+C)		**(3,35,54,248)**
Cash and cash equivalents as at April 1,		7,05,01,589
Cash and cash equivalents as at March 31,		**3,69,47,341**
Significant accounting policies	3	

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

As per our report of even date attached

Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022
for S.KALYANASUNDARAM & CO
Chartered Accountants
ICAI Firm Registration No.05408-S

S.Anandakumar
Partner
Membership No. 205807

Place: Chennai
Date: 15.5.19

S.KALYANASUNDARAM & CO. * CHARTERED ACCOUNTANTS * PONDICHERY

for and on behalf of the Board of Directors of
AUROMA LOGISTICS PRIVATE LIMITED

Auroma Logistics Pvt Ltd

Ajay virmani
Director
DIN 01812125

Kasi Viswanathan.P.S
Director
DIN 07562333

Place: Chennai
Date: 15.5.19

AUROMA LOGISTICS PRIVATE LIMITED

Notes to the financial statements for the year ended 31 March 2019

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

5 Operating segments

The Company is engaged in only one business namely providing supply chain manaement ('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 entitrely 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 2019	Year ended 31 March 2018
Customer A	53,67,67,095	48,43,57,809
Customer B	7,29,45,595	3,32,51,137
Total	**60,97,12,690**	**51,76,08,946**

6 Revenue from operations

	Year ended 31 March 2019	Year ended 31 March 2018
Sale of services		
Income from 3PL Operations	71,73,89,140	60,37,90,062
	71,73,89,140	**60,37,90,062**

7 Other income

	Year ended 31 March 2019	Year ended 31 March 2018
Interest income on		
Security deposits at amortised cost	14,13,761	3,17,497
Interest income on Fixed Deposit	19,30,688	17,55,244
	33,44,449	**20,72,741**

8 Employee benefit expenses

	Year ended 31 March 2019	Year ended 31 March 2018
Salaries, Bonus, PF & ESIC	2,73,30,208	2,86,36,198
Directors Remuneration	25,58,500	27,00,000
Staff Welfare Expenses	92,47,985	79,76,720
Staff Insurance Expenses	3,10,179	4,21,179
	-	-
	3,94,46,872	**3,97,34,097**

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Notes to the financial statements for the year ended 31 March 2019

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

9 Finance costs

	Year ended 31 March 2019	Year ended 31 March 2018
Interest on cash credit / working capital loans / other loans	20,98,404	24,48,827
	20,98,404	**24,48,827**

10 Depreciation and amortisation expense

	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation of property, plant and equipment (refer note 13) Amortisation of intangible assets (refer note 14)	45,57,145	42,42,025
	45,57,145	**42,42,025**

11 Other expenses

	Year ended 31 March 2019	Year ended 31 March 2018
Telephone Expenses	18,62,880	18,68,603
Car Expenses (Including Insurance)	2,19,024	1,57,064
Travelling Expenses	4,92,930	7,59,269
Repair & Maintenance	52,15,388	30,62,346
Godown Maintenance	25,98,496	21,38,376
Internal Audit Fee		50,000
Newspaper & Periodicals Subscription	4,090	5,955
Advertisement Expenses		65,740
Postage & Telegram	6,05,275	4,80,417
ROC Expenses	700	7,500
Security Expenses	2,71,19,236	2,41,09,996
Printing & Stationery Expenses	36,12,096	32,72,749
Auditors Remuneration - Statutory Audit -*	2,50,000	1,40,000
Auditors Remuneration - Tax Audit -		40,000
Rates & Taxes	5,85,742	4,16,073
Bad Debts	14,82,635	
Office Rent	1,98,456	2,37,620
Rebate & Discounts	2,99,293	5,85,558
Business Promotion Expenses	7,90,690	4,54,346
Genset Fuel	9,03,181	8,20,358
Genset Rent	3,94,575	4,68,693
EB & Water charges	50,50,501	40,83,404
Conveyance Expenses	3,35,882	3,42,448
Donation	40,200	63,250
Freight out Expenses	35,99,58,712	30,22,02,088
Handling Expenses	13,38,63,893	10,03,29,490
Godown Rent	6,69,05,310	5,68,15,951
Consultant Charges	4,59,000	1,46,000
Accounting Expenses	30,740	37,450
Damage & Shortage	2,00,980	1,41,000
Deffered Revenue Expenses - Epoxy Flooring	8,88,025	4,75,741
Swacch Bharath cess - Expenses		2,66,025
Excess GST Paid		1,40,997
Income Tax	1,40,446	17,62,549
Service Tax Paid	27,314	1,38,447
Exgratia	37,484	-
Professional charges	66,93,218	
Printer, Machineries & UPS Rent	4,04,117	
CSR Expenses	9,12,000	
	62,25,82,509	**50,60,85,503**

a. Payment to auditors *

	Year ended 31 March 2019	Year ended 31 March 2018
Statutory audit	2,00,000	1,40,000
Tax audit	50,000	40,000
	2,50,000	**1,80,000**

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

12 Income tax

A. Amount recognised in the profit and loss

	Year ended 31 March 2019	Year ended 31 March 2018
Current tax		
Current period	1,50,30,750	1,82,23,733
Current tax for earlier period		
Total current tax expense	**1,50,30,750**	**1,82,23,733**
Deferred tax		
Origination and reversal of temporary difference	3,20,770	
Total deferred tax expense / (benefit)	**3,20,770**	**(12,98,479)**
	1,53,51,520	**1,69,25,254**

B. Income tax recognised in other comprehensive income

	Year ended					
	Before tax	**Tax (expense) / benefit**	**Net of tax**	**Before tax**	**Tax (expense) / benefit**	**Tax (expense) / benefit**
Remeasurement of defined benefit liability (asset)	3,43,257	95,494	4,38,751			
	3,43,257	**95,494**	**4,38,751**	-	-	-

C. Reconciliation of effective tax rate

	Year ended 31 March 2019		Year ended 31 March 2018	
Profit before tax		**5,24,87,410**		**5,33,52,352**
Enacted tax rates in India	27.82%		34.36%	
Computed expected tax expense		1,46,01,997		1,83,31,868
Effect of exempt non-operating income	-			
Changes in estimates related to prior years	-			
Effect of non-deductible expenses	1.30%	6,80,595		(14,06,615)
Income tax expense	**29.12%**	**1,52,82,592**	**34.36%**	**1,69,25,254**

AUROMA LOGISTICS PRIVATE LIMITED

Notes to the financial statements for the year ended 31 March 2019

(All amounts are in Indian Rupees , 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 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Property, plant and equipment	16,92,333	16,57,893	-		16,92,333	16,57,893
Deferred Expense	4,44,012	7,99,222	-		4,44,012	7,99,222
			-	-	-	-
Net deferred tax (assets) liabilities	**21,36,345**	**24,57,115**	-	-	**21,36,345**	**24,57,115**

Movement in temporary differences:

	Balance as at 1 April 2017	Recognized in profit or loss during 2017-18	Recognized in OCI during 2017-18	Balance as at 31 March 2017	Recognized in profit or loss during 2018-19	Recognized in OCI during 2018-19	Balance as at 31 March 2019
Property, plant and equipment	11,58,635	4,99,258	-	16,57,893	34,440		16,92,333
Provision - others		7,99,222	-	7,99,222	(3,55,210)		4,44,012
				-			-
	11,58,635	**12,98,480**	-	**24,57,115**	**(3,20,770)**	-	**21,36,345**

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Auroma Logistics Pvt Ltd

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Notes to the financial statements for the year ended 31 March 2019

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

13 Property, plant and equipment

	Plant and machinery	Building	Office equipments	Furniture and fixtures	Computers	Vehicles	Total
Deemed cost							
Balance at 01 April 2017	15,32,914	56,059	56,75,100	12,13,429	9,33,198	12,81,486	1,06,92,186
Additions	11,34,699		15,43,518	1,15,175	4,43,226	-	32,36,618
Disposals	(5,876)					-	(5,876)
Balance at 31 March 2018	**26,61,737**	**56,059**	**72,18,618**	**13,28,604**	**13,76,424**	**12,81,486**	**1,39,22,928**
Additions	12,21,111		40,03,607				52,24,718
Disposals							-
Balance at 31 March 2019	**38,82,848**	**56,059**	**1,12,22,225**	**13,28,604**	**13,76,424**	**12,81,486**	**1,91,47,646**
Accumulated depreciation							
Balance at 01 April 2017	-	-	-	-	-	-	-
Additions	7,70,709	46,185	25,25,739	1,79,253	5,71,831	1,48,308	42,42,025
Disposals	-	-	-	-	-	-	-
Balance at 31 March 2018	**7,70,709**	**46,185**	**25,25,739**	**1,79,253**	**5,71,831**	**1,48,308**	**42,42,025**
Additions	8,60,016	1,833	26,73,441	1,91,389	6,69,665	1,60,802	45,57,146
Disposals							-
Balance at 31 March 2019	**16,30,725**	**48,018**	**51,99,180**	**3,70,642**	**12,41,496**	**3,09,110**	**87,99,171**
Carrying amount (net)							
As at 31 March 2017	15,32,914	56,059	56,75,100	12,13,429	9,33,198	12,81,486	1,06,92,186
As at 31 March 2018	18,91,028	9,874	46,92,879	11,49,351	8,04,593	11,33,178	96,80,903
As at 31 March 2019	**22,52,123**	**8,041**	**60,23,045**	**9,57,962**	**1,34,928**	**9,72,376**	**1,03,48,475**

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Notes to the financial statements for the year ended 31 March 2019

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

14 Trade receivables

	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good	18,75,45,530	10,87,53,616
Doubtful	-	
Less : Loss allowance	-	-
	18,75,45,530	**10,87,53,616**
Current	18,75,45,530	10,87,53,616
	18,75,45,530	**10,87,53,616**

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

15 Cash and cash equivalents

	As at 31 March 2019	As at 31 March 2018
Cash in hand	59,685	86,684
Balance with banks:		
- in current accounts	3,68,87,656	7,04,14,905
Cash and cash equivalents in balance sheet	3,69,47,341	7,05,01,589
Less: Bank overdrafts and cash credit facilities used for cash management purposes		
Cash and cash equivalents in the statements of cash flows	**3,69,47,341**	**7,05,01,589**

16 Other bank balances

	As at 31 March 2019	As at 1 April 2018
Demand deposits with original maturity of more than three months	3,66,29,640	3,41,18,189
	3,66,29,640	**3,41,18,189**

17 Deposits and other receivables

	As at 31 March 2019	As at 31 March 2018
Non-current		
Security deposit	2,10,67,046	1,86,02,293
	2,10,67,046	**1,86,02,292.51**
Current		
Security deposit	15,88,145	10,61,243
Unbilled revenue		-
Advances to employee		-
Trade advance		-
	15,88,145	**10,61,243**

18 Other assets

	As at 31 March 2019	As at 31 March 2018
Non-current		
Capital advances		-
Prepayments	11,54,709	12,73,149
	11,54,709	**12,73,149**
Current		
Prepayments	14,39,868	10,89,243
Balances with Statutory authorities	30,86,413	27,55,832
Interest receivables	3,22,566	11,20,929
Others	24,25,236	26,64,074
	72,74,083	**76,30,078**

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19A Share Capital

	As at 31 March 2019	As at 31 March 2018
Authorised		
1,000 Equity Shares of Rs. 100/- each.	1,00,000.00	1,00,000.00
Issued, Subscribed and Paid-up		
1,000 Equity Shares of Rs. 100/- each.	1,00,000.00	1,00,000.00

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

Particulars	31-Mar-19		31 March 2018	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares				
At the commencement of the period	1,000	1,00,000.00	1,000	1,00,000.00
Share issued for cash	-	-	-	-
At the end of the period	**1,000**	**99,999.99**	**1,000**	**1,00,000.00**

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 2016, 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 2019		As at 31 March 2018	
	No. of Shares	Amount	No. of Shares	Amount
Ajay Virmani	100	10,000	970	97,000
Equity shares of Rs. 10/- each paid up held by Redington (India) Limited and its nominees	970	97,000	-	-

19B 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.

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 diluted earnings per share calculation are as follows:

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

	Year ended 31 March 2019	Year ended 31 March 2018
Profit (loss) for the year, attributable to the equity holders	3,71,35,890	3,64,27,098

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

	Year ended 31 March 2019	Year ended 31 March 2018

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Weighted average number of equity shares used as denominator in calculating basic earnings per share	1,000	1,000
Weighted average number of equity shares for the year	**1,000**	**1,000**

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21 Borrowings

	Year ended 31 March 2019	Year ended 31 March 2018
Current borrowings		
Loans from banks		
Cash credit facilities	-	-
Loans from related party (unsecured)	-	1,47,80,812
	-	**1,47,80,812**

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

22 Trade payables

	Year ended 31 March 2019	Year ended 31 March 2018
Trade payables	6,62,72,093	6,35,29,434
Other trade payables	2,25,49,008	13,88,122.00
	8,88,21,101	**6,49,17,556**

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 current liabilities

	Year ended 31 March 2019	Year ended 31 March 2018
Statutory dues	1,90,20,621	1,28,90,342
	1,90,20,621	**1,28,90,342**

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24 Provisions

	Non current		Current	
	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018
Provision for employee benefit				
Liability for gratuity	20,62,410		2,23,222	
Liability for compensated absences				
	20,62,410	-	**2,23,222**	-

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. Reconcilaition of the net defined beneift (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 2019	Year ended 31 March 2018
Balance at the beginning of the year	20,89,620	
Benefits paid		
Current service cost	3,82,547	
Interest cost	1,56,722	
Actuarial (gains) losses recognised in other comprehensive income	(3,43,257)	
- changes in demographic assumptions		
- changes in financial assumptions		
- experience adjustments		
Balance at the end of the year	**22,85,632**	-

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

	Year ended 31 March 2019	Year ended 31 March 2018
Current service cost	3,82,547	-
Interest cost	1,56,722	-
	5,39,269	-

Remeasurements recognised in other comprehensive income

	Year ended 31 March 2019	Year ended 31 March 2018
Actuarial gain on defined benefit obligations	3,43,257	-
	3,43,257	-

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

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 2019	Year ended 31 March 2018
Discount rate	7.50%	
Future salary growth	5.00%	
Attrition rate	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:

	Year ended 31 March 2019		Year ended 31 March 2018	
	Increase in %	Decrease in %	Increase in %	Decrease in %
Discount rate (1% movement)	(6.00)	7.00		
Future salary growth (1% movement)	7.00	(6.00)		
Attrition rate (1% movement)	1.00	(1.00)		

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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6 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	14	-	-	18,75,45,530	-	-	10,87,53,616
Cash and cash equivalents	15	-	-	3,69,47,341	-	-	7,05,01,589
Deposits and other receivables	17	-	-		-	-	
Other financial assets	19	-	-		-	-	
Total financial assets		-	-	**22,44,92,871**	-	-	**17,92,55,625**
Financial liabilities not measured at fair value							
Trade payables	22	-	-	8,88,21,101	-	-	6,49,17,556
Borrowings	21	-	-	-	-	-	1,47,80,812
Other financial liabilities	0	-	-	-	-	-	-
Total financial liabilities		-	-	**8,88,21,101**	-	-	**7,96,98,368**

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

	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	-	-	2,26,55,191	-		1,96,63,536
	-	-	**2,26,55,191**	-		**1,96,63,536**

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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 2019	As at 31 March 2018
Not due	14,63,26,439	9,51,79,421
Past due 1-30 days	1,04,67,912	1,00,47,465
Past due 30-90 days	99,02,579	35,26,730
Past due 90-180 days	2,08,48,599	
Total	18,75,45,530	10,87,53,616

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 735.76 lakhs at 31 March 2019 (31 March 2018: INR 1046.19 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:

		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 2019							
Non derivative financial liabilities							
Secured loans:							
- Cash credit facilities	-	-	-	-	-	-	-
Trade payables	8,88,21,101	8,88,21,101	8,88,21,101	-	-	-	-
Other financial liabilities	-	-	-		-	-	-
	8,88,21,101	**8,88,21,101**	**8,88,21,101**	-	-	-	-

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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 2019	As at 31 March 2018
Not due	14,63,26,439	9,51,79,421
Past due 1-30 days	1,04,67,912	1,00,47,465
Past due 30-90 days	99,02,579	35,26,730
Past due 90-180 days	2,08,48,599	
Total	18,75,45,530	10,87,53,616

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 735.76 lakhs at 31 March 2019 (31 March 2018: INR 1046.19 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:

		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 2019							
Non derivative financial liabilities							
Secured loans:							
- Cash credit facilities	-	-	-	-	-	-	-
Trade payables	8,88,21,101	8,88,21,101	8,88,21,101	-	-	-	-
Other financial liabilities	-	-	-		-	-	-
	8,88,21,101	**8,88,21,101**	**8,88,21,101**	-	-	-	-

S. KALYANASUNDARAM & CO. ★ CHARTERED ACCOUNTANTS ★ PONDICHERY

AUROMA LOGISTICS PRIVATE LIMITED

AUROMA LOGISTICS PRIVATE LIMITED

Notes to the financial statements for the year ended 31 March 2019

(All amounts are in Indian Rupees , 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 2019	As at 31 March 2018
Not due	14,63,26,439	9,51,79,421
Past due 1-30 days	1,04,67,912	1,00,47,465
Past due 30-90 days	99,02,579	35,26,730
Past due 90-180 days	2,08,48,599	
Total	18,75,45,530	10,87,53,616

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 735.76 lakhs at 31 March 2019 (31 March 2018: INR 1046.19 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.

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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 2019							
Non derivative financial liabilities							
Secured loans:							
- Cash credit facilities	-	-	-	-	-	-	-
Trade payables	8,88,21,101	8,88,21,101	8,88,21,101	-	-	-	-
Other financial liabilities	-	-	-		-	-	-
	8,88,21,101	**8,88,21,101**	**8,88,21,101**	-	-	-	-

S.KALYANASUNDARAM & CO. ★ CHARTERED ACCOUNTANTS ★ PONDICHERRY

AUROMA LOGISTICS PRIVATE LIMITED

AUROMA LOGISTICS PRIVATE LIMITED
Notes to the financial statements for the year ended 31 March 2019
(All amounts are in Indian Rupees , except share data and as stated)

28 A. Related parties

(i) Names of related parties and description of relationship

Nature of Relationship	Name of the Party
Ultimate Holding company	Redington India Limited
Holding company	ProConnect Supply Chain Solutions Ltd
Key Managerial Personnel	Mr.Ajay Virmani Mr.Kasi Viswanathan.P.S Mr.Manivannan.T
Entity Controlled by Director	Auroma Enterprises

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 2019	For the year ended 31 March 2018
Short term employee benefits		
Post-employment defined benefits		
Compensated absences		
Total	-	-

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 2019	For the year ended 31 March 2018	As at 31 March 2019	As at 31 March 2018
Issue Shares including Securities premium				
Holding Company				
Managing Director				
Services Received				
Freight,Warehouse rent & Handling Charges etc	24,84,710			-
Rental Expenses				
Holding company				
Other Expenses (including Reimbursements)				
Holding company				
Other Payable	1,68,07,851	1,67,93,376	1,061	1,47,80,812
			-	-

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

for S.KALYANASUNDARAM & CO
Chartered Accountants

S.Anandakumar
Partner
Membership No. 205807

Place: Chennai
Date: 15.5.19

S.KALYANASUNDARAM & CO. PONDICHERY CHARTERED ACCOUNTANTS

for and on behalf of the Board of Directors of
AUROMA LOGISTICS PRIVATE LIMITED

Ajay virmani
Director
DIN 01812125

Auroma Logistics Pvt Ltd

Kasi Viswanathan.P.S
Director
DIN 07562333

Place: Chennai
Date: 15.5.19

Ensure Support Services (India) Limited

Balance Sheet as at 31 March 2019

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

	Note	As at 31 March 2019	As at 31 March 2018
Assets			
Non-current assets			
Property, plant and equipment	14	7.98	4.00
Intangible assets	15	0.08	0.16
Financial assets			
Investments	16	-	-
Deposits and other receivables	21	2.10	2.19
Deferred tax assets, net	13	3.77	2.10
Income tax assets, net		0.66	1.33
Other non-current assets	22	0.24	0.29
Total non-current assets		**14.83**	**10.07**
Current assets			
Inventories	18	4.73	3.19
Financial assets			
Investments	16	7.03	3.52
Trade receivables	17	21.16	38.05
Cash and cash equivalents	19	9.55	4.40
Other bank balances	20	0.20	0.18
Deposits and other receivables	21	8.90	5.53
Other current assets	22	3.51	2.11
Total current assets		**55.08**	**56.98**
Total assets		**69.91**	**67.05**
Equity and liabilities			
Equity			
Equity share capital	23	4.50	4.50
Other equity			
Other reserves		0.26	0.12
Retained earnings		21.57	19.30
Others (including items of other comprehensive income)		0.29	0.09
Total equity		**26.62**	**24.01**
Liabilities			
Non-current liabilities			
Provisions	29	2.84	2.83
Total non-current liabilities		**2.84**	**2.83**

B S R & Co. LLP * Chartered Accountants *

SV

ENSURE SUPPORT SERVICES (INDIA) LIMITED *

Ensure Support Services (India) Limited

Balance Sheet as at 31 March 2019

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

	Note	As at 31 March 2019	As at 31 March 2018
Current liabilities			
Financial liabilities			
Trade payables	26		
Total outstanding due to micro and small enterprises and		-	-
Total outstanding due to creditors other than micro and small enterprises		23.54	22.00
Other financial liabilities	27	8.70	10.53
Deferred income	25	3.44	4.04
Provisions	29	0.40	0.41
Other current liabilities	28	4.37	3.23
Total current liabilities		**40.45**	**40.21**
Total liabilities		**43.29**	**43.04**
Total equity and liabilities		**69.91**	**67.05**
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

Firm's Registration No. 101248W/W-100022

S Sethuraman

S Sethuraman

Partner

Membership No. 203491

Place: Chennai

Date : 20 May 2019

for and on behalf of the board of directors of

Ensure Support Services (India) Limited

S.V.R

S V Rao

Director

DIN 06600739

S.V.Krishnan

S V Krishnan

Director

DIN 07518349

Place: Chennai

Date : 20 May 2019

Ensure Support Services (India) Limited

Statement of Profit and Loss for the year ended 31 March 2019

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

	Note	Year ended 31 March 2019	Year ended 31 March 2018
Revenue			
Revenue from operations	6	101.04	118.15
Other Income	7	6.51	4.71
Total income		**107.55**	**122.86**
Expenses			
Cost of spares consumed	8	30.90	37.21
Employee benefit expense	9	28.41	28.46
Finance costs	10	0.22	0.34
Depreciation and amortisation expense	11	2.35	1.74
Other expenses	12	40.50	44.28
Total expenses		**102.38**	**112.03**
Profit before income tax		**5.17**	**10.83**
Income tax	13		
Current tax		3.01	3.78
Deferred tax/ (benefit)		(1.74)	0.58
Income tax expense		**1.27**	**4.36**
Profit for the year		**3.90**	**6.47**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the defined benefit asset / (liability)	23C	0.27	(0.29)
Income tax expense / (benefit) relating to items that will not be reclassified to profit or loss		(0.07)	0.10
Other comprehensive income for the year, net of income tax		**0.20**	**(0.19)**
Total comprehensive income for the year		**4.10**	**6.28**
Earnings per share			
Basic and diluted earnings per share (in INR)	24	8.67	14.38
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
Firm's Registration No. 101248W/W-100022

Sethuraman

S Sethuraman
Partner
Membership No. 203491

Place: Chennai
Date : 20 May 2019

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

S.V.R

S V Rao
Director
DIN 06600739

S V Krishnan
Director
DIN 07518349

Place: Chennai
Date : 20 May 2019

Ensure Support Services (India) Limited

Statement of Cash Flows for the year ended 31 March 2019

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

	Note	Year ended 31 March 2019	Year ended 31 March 2018
Cash flows from operating activities			
Profit for the year		5.17	10.83
Adjustments for:			
Depreciation and amortisation		2.35	1.74
Impairment loss on financial assets		2.89	2.65
Liabilities no longer required written back		(4.26)	(4.09)
Loss / (gain) on sale of property, plant and equipment		0.11	0.07
Change in fair value of investment		(0.03)	(0.02)
Gain on sale of investments (net)		(0.39)	(0.27)
Stock compensation expense		0.14	0.12
Unrealised foreign exchange (gain)/ loss, net		(0.43)	-
Finance costs		0.22	0.34
Interest income		(0.30)	(0.24)
		5.47	**11.13**
Working capital adjustments:			
(Increase) in inventories		(1.54)	(0.93)
(Increase)/decrease in trade receivables		14.00	(10.49)
(Increase)/decrease in deposit and other receivables and other current/non current assets		(3.13)	6.65
(Decrease)/increase in other current and financial liabilities, current/non current provisions		(0.41)	3.11
(Decrease)/increase in deferred income		(0.60)	0.05
Cash generated from operating activities		**13.79**	**9.52**
Income tax paid (net)		(2.34)	(4.55)
Net cash generated from operating activities (A)		**11.45**	**4.97**
Cash flow from investing activities			
Interest received		0.03	0.03
Proceeds from sale of property, plant and equipment		0.70	0.29
Acquisition of property, plant and equipment		(1.11)	(2.46)
Net increase in other bank balances		(0.02)	(0.02)
Proceeds from sale of investment		40.95	114.73
Purchase of investment		(44.45)	(113.19)
Net cash used in investing activities (B)		**(3.90)**	**(0.62)**
Cash flow from financing activities			
Interest paid		(0.77)	(0.15)
Dividends paid including dividend distribution tax		(1.63)	(1.90)
Proceeds from borrowings		-	4.00
Repayment of borrowings		-	(6.50)
Net cash used in financing activities (C)		**(2.40)**	**(4.55)**
Net increase/(decrease) in cash and cash equivalents (A+B+C)		**5.15**	**(0.20)**
Cash and cash equivalents at 1 April	19	4.40	4.60
Cash and cash equivalents at 31 March (refer note 19)	19	**9.55**	**4.40**
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

Sethuraman

S Sethuraman

Partner

Membership No. 203491

Place: Chennai

Date : 20 May 2019

for and on behalf of the board of directors of

Ensure Support Services (India) Limited

S.V.R

S V Rao

Director

DIN 06600739

S V Krishnan

Director

DIN 07518349

Place: Chennai

Date : 20 May 2019

Ensure Support Services (India) Limited

Statement of Changes in Equity for the year ended 31 March 2019

(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 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**
Changes in equity share capital during the year	-	-
Balance as at 31 March 2019	**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 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**
Total comprehensive income for the year ended 31 March 2019				
Profit for the year	-	3.90	-	3.90
Other comprehensive income/(loss) for the year (net of tax)	-	-	0.20	0.20
Total comprehensive income	-	**3.90**	**0.20**	**4.10**
Transactions with owners, recorded directly in equity				
Contributions by and distribution to owners				
Dividends paid	-	(1.35)	-	(1.35)
Dividend distribution tax	-	(0.28)	-	(0.28)
Stock compensation expense	0.14	-	-	0.14
Total contributions by and distribution to owners	**0.14**	**(1.63)**	-	**(1.49)**
Balance as at 31 March 2019	**0.26**	**21.57**	**0.29**	**22.12**

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

Firm's Registration No. 101248W/W-100022

Sethuraman

S Sethuraman

Partner

Membership No. 203491

Place: Chennai

Date : 20 May 2019

for and on behalf of the board of directors of

Ensure Support Services (India) Limited

S.V.R

S V Rao

Director

DIN 06600739

Place: Chennai

Date : 20 May 2019

S.V.Krishna

S V Krishnan

Director

DIN 07518349

Ensure Support Services (India) Limited

Notes forming part of the financial statements for the year ended 31 March 2019

(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 20 May 2019

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 2019 is included in the following notes:

- Note 29 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 30 – 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 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).

BSR & Co. LLP Chartered Accountants

SERVICES (INDIA) LIMITED

2 Basis of preparation (continued)

2.6 Measurement of fair values (continued)

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 30 – 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 at
- 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.

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Ensure Support Services (India) Limited

3 Significant accounting policies (continued)

3.2 Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

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 is 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 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.

B S R & Co. LLP Chartered Accountants

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Ensure Support Services (India) Limited

3 Significant accounting policies (continued)

3.3 Property, plant and equipment (continued)

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 PPE are as follows:

Asset	Management estimate of useful life	Useful life as per Schedule II
Plant and Machinery	5 years	15 years
Computer and accessories	3 years	3 years
Furniture and office equipments	4 years	10 years
Vehicles	5 years	8 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 and are different from those prescribed in Schedule II of the Companies Act, 2013.

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

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

3.4 Intangible assets

i. Recognision and measurement

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

3 Significant accounting policies (continued)

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).
- the financial asset is 270 days or more and due

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.

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ENSURE SUPPORT SERVICES (INDIA) LIMITED

3 Significant accounting policies (continued)

3.6 Impairment (continued)

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.

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.

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.

The Company's gratuity plan is unfunded, defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method at each balance sheet date. The defined benefit obligation is determined as the present value of the estimated future cash flows expected to be made by the Company in respect of services rendered by its employees upto the reporting date.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised in OCI. The Company determines the interest expense on the defined benefit liability 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 defined benefit liability.Interest expense and other expenses related to defined benefit plans are recognised in profit or loss under finance costs and

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3 Significant accounting policies (continued)

3.7 Employee benefits (continued)

iv. Defined benefit plans (continued)

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.

3.9 Revenue recognition

The Company earns revenue primarily from providing warranty and post warranty services, annual maintenance contract services, on-site support services and other related services. Effective 1 April 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method, wherein the comparitives have not been retrospectively adjusted. There are no adjustments required to be made to the retained earnings as at 31 March 2018.

Revenue is recognised upon transfer of control of promised services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those services.

- Revenue from warranty services is recognised on output basis, measured by number of calls processed.

- Revenue from annual maintenance service where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.

- Revenue from others comprises of sale of spares and outsourced manpower supply. The Company recognises the revenue on sale of spares at the point in time when control is transferred to the customer. Revenue in case of outsourced manpower is based on output basis, measured by efforts expended (hours).

- Revenue from scrap sales is recognised at the point in time when control is transferred to the customer.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

In accordance with Ind AS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Disaggregation of revenue

The Company disaggregates revenue from contracts with customers by the geographic location of the customers. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors. Refer Note 5.

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3.9 Revenue recognition (continued)

Performance obligations and revenue recognition policies

The following details provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

a. Sales of Services

(ia) Revenue recognition under Ind AS 115 (applicable from April 1, 2018)

Revenue is recognized upon transfer of control of promised services to the customers in an amount that reflects the considerations expected to receive in exchange for those products or services. Revenue is measured based on the transaction price, which is the consideration as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Revenues in excess of invoicing are classified as contract assets (unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (deferred income). Refer Note 21 and Note 25 respectively.

(ib) Revenue recognition under Ind AS 18 (applicable before April 1, 2018)

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.

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3 Significant accounting policies (continued)

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 respectively.

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 in the forseeable 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 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.

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

3 Significant accounting policies (continued)

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.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares

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 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.

3.16 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.

3.17 Dividend to share holders

Final dividend is distributed to Equity share holders is recognised in the period in which it is approved by the members of the Company in the Annual Genral Meeting. Final dividend net of divided distribution tax are recognised in the Statement of Changes in Equity.

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 2019:

Ind AS 116	Leases
Ind AS 12	Income taxes
Ind AS 109	Financial instruments

Ind AS 116 Leases

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

The Company has completed an initial assessment of the potential impact on its standalone financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the standalone financial statements in the period of initial application is not reasonably estimable as at present.

i. Leases in which the Company is a lessee

The Company will recognise new assets and liabilities for its operating leases of warehouse. The nature of expenses related to those leases will now change because the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

4 Recent Indian Accounting Standards (Ind AS) (continued)

Ind AS 116 Leases (continued)

i. Leases in which the Company is a lessee (continued)

Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

In addition, the Company will no longer recognise provisions for operating leases that it assesses to be onerous. Instead, the Company will include the payments due under the lease in its lease liability and apply Ind AS 36, Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment.

No significant impact is expected

ii. Leases in which the Company is a lessor

The Company will reassess the classification of sub-leases in which the Company is a lessor. Based on the information currently available, the Company expects that it will reclassify one sub-lease as a finance lease.

No significant impact is expected for other leases in which the Company is a lessor.

iii. Transition

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

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

Ind AS 12 Income taxes

The amendment clarifies on the accounting of income tax consequences of distribution of profits (i.e. dividends), including payments on financial instruments classified as equity, should be recognised when a liability to pay dividend is recognised.

Income tax consequences should be recognised in profit or loss, Other Comprehensive Income (OCI) or equity according to where the past transactions or events that generated distributable profits were originally recognised.

The Company is in the process of assessing the impact of this amendment on its standalone financial statements.

Ind AS 109 Financial instruments

The Company has been applying Ind AS 109 in the preparation of its standalone financial statements. A recent amendment to the standard deals with how the a financial asset should be measured. A financial asset would be classifed and measured at amortised cost or at Fair Value through Other Comprehensive Income (FVOCI) if its contractual cash flows are solely in the nature of principle and the interest on the principle amount outstanding (SPPI criterion)

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Notes forming part of the financial statements for the year ended 31 March 2019

(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 2019	Year ended 31 March 2018
India	94.44	111.47
Hongkong	4.40	3.49
USA	0.89	1.30
Rest of the world	1.31	1.89
	101.04	**118.15**

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

There are no invididual customers more than 10% of the total trade receivables 31 March 2019 and 31 March 2018.

6 Revenue from operations

	Year ended 31 March 2019	Year ended 31 March 2018
Rendering of services		
Warranty services	29.43	27.78
Annual maintenance contracts	48.73	75.86
Others	22.49	13.54
Other operating revenue		
Scrap sales	0.39	0.97
	101.04	**118.15**

7 Other income

	Year ended 31 March 2019	Year ended 31 March 2018
Interest income on		
Cash and cash equivalents	0.03	0.03
Security deposit at amortised cost	0.27	0.21
Gain on sale of investments (net)	0.39	0.27
Net change in fair value of financial assets at FVTPL	0.03	0.02
Bad debts written off recovered	0.01	0.09
Liabilities no longer required written back	4.26	4.09
Export incentives	0.74	-
Net gain on foreign currency transactions	0.58	-
Miscellaneous income	0.20	-
	6.51	**4.71**

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8 Cost of spares consumed

	Year ended 31 March 2019	Year ended 31 March 2018
Spares at the beginning of the year	3.19	2.26
Add: Purchases	32.44	38.14
Less: Spares at the end of the year	(4.73)	(3.19)
Cost of spares consumed during the year	**30.90**	**37.21**

9 Employee benefit expense

	Year ended 31 March 2019	Year ended 31 March 2018
Salaries, wages and bonus	24.91	24.74
Contribution to provident and other funds	1.99	2.25
Expenses related to post-employment defined benefit plans	0.37	0.40
Expenses related to compensated absences	0.53	0.18
Staff welfare expenses	0.47	0.77
Stock compensation expense (refer note 37)	0.14	0.12
	28.41	**28.46**

Defined contribution plans

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund (PF) and employees' state insurance (ESI) scheme which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund and ESI for the year aggregated to INR 1.76 crores (31 March 2018: INR 2.02 crores)

10 Finance costs

	Year ended 31 March 2019	Year ended 31 March 2018
Interest on cash credit facilities	0.01	0.02
Interest on loan from holding company	-	0.13
Others	0.21	0.19
	0.22	**0.34**

11 Depreciation and amortisation expense

	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation of property, plant and equipment (refer note 14)	2.27	1.67
Amortisation of intangible assets (refer note 15)	0.08	0.07
	2.35	**1.74**

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ENSURE SUPPORT SERVICES (INDIA) LIMITED ★

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

12 Other expenses

	Year ended 31 March 2019	Year ended 31 March 2018
Outsourced manpower cost	17.28	17.91
Rent	6.33	6.64
Freight and packing charges	4.16	4.43
Warranty charges paid to partners	0.98	1.08
Utilities	0.95	1.16
Repairs and maintenance:		
Buildings	0.36	0.37
Plant and machinery	0.08	0.16
Other assets	1.64	1.91
Traveling and conveyance	1.73	2.86
Security charges	1.17	1.27
Printing and stationery	0.30	0.35
Communication expenses	0.72	1.33
Rates and taxes	0.15	0.26
Legal and professional charges	0.82	0.37
Insurance	0.37	0.57
Bank charges	0.06	0.05
Payment to auditors (see note (i) below)	0.12	0.10
CSR expenditure (see note (ii) below)	0.20	0.17
Net loss on sale of property, plant and equipment	0.11	0.07
Advertising and sales promotion	0.05	0.03
Impairment loss on financial assets	2.89	2.65
(Includes bad debts written off - INR Nil (31 March 2018: 2.52)		
Miscellaneous expenses	0.03	0.54
	40.50	**44.28**

i. Payment to auditors

	Year ended 31 March 2019	Year ended 31 March 2018
As auditor:		
Statutory audit	0.08	0.07
Tax audit	0.01	0.01
For other services	0.02	0.02
Reimbursement of expenses	0.01	-
	0.12	**0.10**

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 2019	Year ended 31 March 2018
(a) Amount required to be spent by the Company during the year	0.20	0.17
(b) Amount spent during the year		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	0.20	0.17

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Notes forming part of the financial statements for the year ended 31 March 2019
(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 2019	Year ended 31 March 2018
Current tax		
Current tax on profits for the year	3.01	3.78
Total current tax expense	**3.01**	**3.78**
Deferred tax		
Attributable to origination and reversal of temporary differences	(1.74)	0.58
Total deferred tax expense / (benefit)	**(1.74)**	**0.58**
Income tax expense	**1.27**	**4.36**

B. Reconciliation of effective tax rate

	Year ended 31 March 2019		Year ended 31 March 2018	
Profit before income tax expense		**5.17**		**10.83**
Tax using the Company's domestic tax rate	29.12%	1.51	34.61%	3.75
Effect of:				
Impact of change in tax rates	-5.42%	(0.28)	3.88%	0.42
Others	0.77%	0.04	1.75%	0.19
Effective tax rate / tax expense	**24.48%**	**1.27**	**40.24%**	**4.36**

Ensure Support Services (India) Limited

Notes forming part of the financial statements for the year ended 31 March 2019

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

13 Income tax (continued)

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 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Property, plant and equipment	0.63	0.20	-	-	0.63	0.20
Trade receivables	1.85	1.01	-	-	1.85	1.01
Provisions - employee benefits	1.29	0.91	-	-	1.29	0.91
Other items	-	(0.02)	-	-	-	(0.02)
Net deferred tax (assets) liabilities	**3.77**	**2.10**	-	-	**3.77**	**2.10**

Movement in temporary differences:

	Balance as at 1 April 2017	Recognized in profit or loss during 2017-18	Recognized in OCI during 2017-18	Balance as at 31 March 2018	Recognized in profit or loss during 2018-19	Recognized in OCI 2018-19	Balance as at 31 March 2019
Property, plant and equipment	0.24	(0.04)	-	0.20	0.43	-	0.63
Trade receivables	1.15	(0.14)	-	1.01	0.84	-	1.85
Provisions - employee benefits	1.18	(0.37)	0.10	0.91	0.45	(0.07)	1.29
Other items	0.01	(0.03)	-	(0.02)	0.02	-	-
	2.58	**(0.58)**	**0.10**	**2.10**	**1.74**	**(0.07)**	**3.77**

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Ensure Support Services (India) Limited

Ensure Support Services (India) Limited

Notes forming part of the financial statements for the year ended 31 March 2019

(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 2019:

	Plant and machinery	Office equipments	Computer	Furnitures and fixtures	Vehicles	Total
Deemed cost / Cost						
(Gross carrying amount)						
Balance at 1 April 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**
Additions	6.37	0.01	0.41	0.10	0.17	7.06
Disposals / write-off	(0.11)	(0.06)	(0.18)	(0.53)	(0.32)	(1.20)
Balance at 31 March 2019	**7.20**	**0.75**	**3.71**	**2.18**	**0.58**	**14.42**
Accumulated depreciation						
Balance at 1 April 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**
Additions	0.70	0.17	0.77	0.48	0.15	2.27
Disposals / write-off	(0.04)	(0.01)	(0.08)	(0.09)	(0.17)	(0.39)
Balance at 31 March 2019	**1.20**	**0.50**	**2.99**	**1.51**	**0.24**	**6.44**
Carrying amount (net)						
As at 31 March 2018	0.40	0.46	1.18	1.49	0.47	4.00
As at 31 March 2019	**6.00**	**0.25**	**0.72**	**0.67**	**0.34**	**7.98**

15 Intangible assets

	Software
Deemed cost / Cost	
(Gross carrying amount)	
Balance at 1 April 2017	0.53
Additions	0.06
Disposals	-
Balance at 31 March 2018	**0.59**
Additions	-
Disposals	-
Balance at 31 March 2019	**0.59**
Accumulated amortisation	
Balance at 1 April 2017	0.36
Additions	0.07
Disposals	-
Balance at 31 March 2018	**0.43**
Additions	0.08
Disposals	-
Balance at 31 March 2019	**0.51**
Carrying amount (net)	
As at 31 March 2018	0.16
As at 31 March 2019	**0.08**

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Ensure Support Services (India) Limited

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Notes forming part of the financial statements for the year ended 31 March 2019
(All amounts are in Indian rupees in crores, except share data and as stated)

16 Investments

	As at 31 March 2019	As at 31 March 2018
A. Non-current investments		
National savings certificate, unquoted at FVTPL		
National savings certificates*	-	-
	-	-
Aggregate value of unquoted investments	-	-

* National saving certificate investments as at 31 March 2019 of INR 20,000 (31 March 2018: INR 20,000) has been rounded off in INR crores to Nil

	As at 31 March 2019	As at 31 March 2018
B. Current investments		
Mutual funds, unquoted at FVTPL		
ICICI Prudential Money Market Fund - Direct Plan-Growth	7.03	3.52
HDFC Liquid Fund - Direct Plan - Growth	-	-
	7.03	**3.52**
Aggregate value of unquoted investments	7.03	3.52

Information about the Company's exposure to credit risks and market risks, and fair value measurement, is included in Note 30(c)

17 Trade receivables

	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good	21.16	38.05
Doubtful	6.35	3.46
Less : Loss allowance	(6.35)	(3.46)
Net trade receivables	**21.16**	**38.05**
Non - current	-	-
Current	21.16	38.05
	21.16	**38.05**

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 30(c)

Ensure Support Services (India) Limited

Notes forming part of the financial statements for the year ended 31 March 2019

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

18 Inventories

	As at 31 March 2019	As at 31 March 2018
Stores and spares *	4.73	3.19
	4.73	**3.19**
*Net of stock provision	1.37	1.82

19 Cash and cash equivalents

	As at 31 March 2019	As at 31 March 2018
Cash in hand	0.02	0.02
Balance with banks:		
- On current accounts	9.53	2.58
- Deposits with original maturity of less than 3 months	-	1.80
Cash and cash equivalents in balance sheet	**9.55**	**4.40**
Bank overdrafts / cash credit used for cash management purposes	-	-
Cash and cash equivalents in the statements of cash flows	**9.55**	**4.40**

20 Other bank balances

	As at 31 March 2019	As at 31 March 2018
Other bank balances	0.20	0.18
	0.20	**0.18**

21 Deposits and other receivables (unsecured, considered good)

	As at 31 March 2019	As at 31 March 2018
Non-current		
Security and other deposit	1.93	1.99
Bank deposits due to mature after 12 months	0.16	0.18
Others	0.01	0.02
	2.10	**2.19**
Current		
Unbilled revenue	7.19	3.65
Security and other deposit	1.46	1.46
Advances to employee	0.17	0.24
Others	0.08	0.18
	8.90	**5.53**

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ENSURE SUPPORT SERVICES (INDIA) LIMITED *

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

22 Other assets (unsecured, considered good)

	As at 31 March 2019	As at 31 March 2018
Non-current		
Capital advances	-	-
Prepayments	0.24	0.29
	0.24	**0.29**
Current		
Balances with government authorities	1.27	0.15
Prepayments	1.53	1.23
Others	0.71	0.73
	3.51	**2.11**

Ensure Support Services (India) Limited

Notes forming part of the financial statements for the year ended 31 March 2019

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

23A Share capital

	As at 31 March 2019	As at 31 March 2018
Authorised		
4,500,000 (31 March 2018: 4,500,000) equity shares of INR 10 each	4.50	4.50
Issued, Subscribed and Paid-up		
4,500,000 (31 March 2018: 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 2019		31 March 2018	
	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 2019		As at 31 March 2018	
	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 2019		As at 31 March 2018	
	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 2019

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

23B Other equity

Other Reserves

	Note	As at 31 March 2019	As at 31 March 2018
Stock compensation expense	(i)	0.14	0.12
		0.14	**0.12**

(i) Stock compensation expense	As at 31 March 2019	As at 31 March 2018
Opening balance	**0.12**	-
Stock compensation expense	0.14	0.12
Closing balance	**0.26**	**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:

	Year ended 31 March 2019	Year ended 31 March 2018
INR 3.00 per equity shares (31 March 2018: INR 3.50)	1.35	1.58
Dividend distribution tax (DDT) on dividend to equity shareholders	0.28	0.32
	1.63	**1.90**

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 2019	As at 31 March 2018
INR 3.50 per equity share (31 March 2018: INR 3.00 per equity share)	1.58	1.35

23C Analysis of accumulated OCI, net of tax

A. Other items of OCI

	Year ended 31 March 2019	Year ended 31 March 2018
Remeasurements of defined benefit (liability) / asset	(0.27)	0.29
Deferred tax on above	0.07	(0.10)
	(0.20)	**0.19**

Remeasurements of defined benefit liability (asset)

	As at 31 March 2019	As at 31 March 2018
Opening balance	0.09	0.28
Recognized during the year	0.20	(0.19)
Closing balance	**0.29**	**0.09**

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ENSURE SUPPORT SERVICES (INDIA) LIMITED *

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

23C Analysis of accumulated OCI, net of tax (continued)

B. Disaggregation of changes in items of OCI

	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)**

	Re-measurements of defined benefit liability/ (asset)	Total OCI
Year ended 31 March 2019		
Remeasurement of defined benefit liability (asset)	0.20	0.20
	0.20	**0.20**

Remeasurements of defined benefit liability (asset)

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

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 2019	Year ended 31 March 2018
Profit (loss) for the year, attributable to the equity holders	3.90	6.47

ii. Weighted average number of equity shares - for basic and diluted EPS

	Year ended 31 March 2019	Year ended 31 March 2018
Opening balance	4,500,000	4,500,000
Effect of fresh issue of shares for	-	-
Weighted average number of equity shares for the year	**4,500,000**	**4,500,000**

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Ensure Support Services (India) Limited

Notes forming part of the financial statements for the year ended 31 March 2019

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

25 Deferred income

	As at 31 March 2019	As at 31 March 2018
Deferred income	3.16	3.27
Customer advances	0.28	0.77
	3.44	**4.04**
Non-current	-	-
Current	3.44	4.04
	3.44	**4.04**

26 Trade payables

	As at 31 March 2019	As at 31 March 2018
Total outstanding due to micro and small enterprises and	-	-
Total outstanding due to creditors other than micro and small enterprises		
Trade payables to related parties	0.15	-
Other trade payables	23.39	22.00
	23.54	**22.00**

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in Note 30. Also refer note 35 for disclosures relating to dues to Micro, Small and Medium Enterprises. All trade payables are 'current'.

27 Other financial liabilities

	As at 31 March 2019	As at 31 March 2018
Insurance claim payable	-	4.42
Deposit from partners	1.79	4.74
Capital creditors	5.95	-
Other payables	0.96	1.37
	8.70	**10.53**
Non current	-	-
Current	8.70	10.53
	8.70	**10.53**

The Company's exposure to currency and liquidity risk related to above financial liabilities is disclosed in Note 30.

28 Other liabilities

	As at 31 March 2019	As at 31 March 2018
Statutory liabilities	0.81	1.50
Employee benefits payable	3.56	1.73
	4.37	**3.23**
Current	4.37	3.23
Non - current	-	-
	4.37	**3.23**

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Ensure Support Services (India) Limited

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

29 Provisions

	Non current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Provision for employee benefits				
Liability for gratuity	2.18	2.42	0.23	0.30
Liability for compensated absences	0.66	0.41	0.17	0.11
	2.84	**2.83**	**0.40**	**0.41**

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 2019	As at 31 March 2018
Balance at the beginning of the year	2.72	2.50
Benefits paid	(0.57)	(0.44)
Current service cost	0.35	0.39
Interest cost	0.18	0.17
Actuarial (gains) losses recognised in other comprehensive income		
- changes in financial assumptions	(0.02)	(0.16)
- experience adjustments	(0.25)	0.26
Balance at the end of the year	**2.41**	**2.72**

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

	Year ended 31 March 2019	Year ended 31 March 2018
Current service cost	0.35	0.39
Interest cost*	0.18	0.17
	0.53	**0.56**

* Included under finance costs (refer note 10)

Remeasurements recognised in other comprehensive income

	Year ended 31 March 2019	Year ended 31 March 2018
Actuarial gain on defined benefit obligations	(0.27)	0.10
	(0.27)	**0.10**

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Ensure Support Services (India) Limited

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29 Provisions (continued)

D. Defined benefit obligation

i. Actuarial assumptions

Principal actuarial assumptions at the reporting date:

	As at 31 March 2019	As at 31 March 2018
Discount rate	7.60%	7.50%
Future salary growth	8.00%	8.00%
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		As at	
	Increase in %	Decrease in %	Increase in %	Decrease in %
Discount rate (1% movement)	(0.17)	0.19	(0.17)	0.19
Future salary growth (1% movement)	0.16	(0.15)	0.08	(0.09)
Attrition rate (1% movement)	(0.00)	(0.00)	0.03	(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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ENSURE SUPPORT SERVICES (INDIA) LIMITED

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

30 Financial instruments - Fair values and risk management

A. Accounting classification and fair values

		As at 31 March 2019			As at 31 March 2018		
	Note	**FVTPL**	**FVOCI**	**Amortised cost**	**FVTPL**	**FVOCI**	**Amortised cost**
Financial assets measured at fair value							
Investments							
Mutual funds	16	7.03	-	-	3.52	-	-
Financial assets not measured at fair value							
Trade receivables (refer note below)	17	-	-	21.16	-	-	38.05
Cash and cash equivalents (refer note below)	19	-	-	9.55	-	-	4.40
Other bank balances (refer note below)	20	-	-	0.20	-	-	0.18
Deposits and other receivables (refer note below)	21	-	-	11.00	-	-	7.72
Total financial assets		**7.03**	-	**41.91**	**3.52**	-	**50.35**
Financial liabilities not measured at fair value							
Trade payables (refer note below)	26	-	-	23.54	-	-	22.00
Insurance claim payable (refer note below)	27	-	-	-	-	-	4.42
Others (refer note below)	27	-	-	8.70	-	-	6.11
Total financial liabilities		-	-	**32.24**	-	-	**32.53**

Note: The Company has not disclosed fair values of financial instruments such as trade receivables, cash and cash equivalents, other bank balances, deposits and other receivablestrade payables, insurance claim payables and other financial liabilities, 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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(All amounts are in Indian rupees in crores, except share data and as stated)

30 Financial instruments - Fair values and risk management (continued)

A. Accounting classification and fair values (continued)

(a) Financial assets and liabilities valued at fair value

	As at 31 March 2019			As at 31 March 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial Assets						
Investment in equity instruments	7.03	-	-	3.52	-	-
	7.03	-	-	**3.52**	-	-

(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 30A), because their carrying amounts are a reasonable approximation of fair value.

	As at 31 March 2019			As at 31 March 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets not measured at fair value						
Deposits and other receivables	-	11.00	-	-	7.72	-
	-	**11.00**	-	-	**7.72**	-

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.

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.

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

30 Financial instruments - Fair values and risk management (continued)

C. Financial risk management (continued)

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 2019	**31 March 2018**
Trade receivables	21.16	38.05
Unbilled revenue	7.19	3.65
Total trade and other receivables	**28.35**	**41.70**
Cash and bank balances	9.55	4.40
Other bank balances	0.20	0.18
Deposits and other receivables (excluding unbilled revenue)	3.81	4.07
Investments	7.03	3.52
Total	**48.94**	**53.87**

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

30 Financial instruments - Fair values and risk management (continued)

C. Financial risk management (continued)

ii. Credit risk (continued)

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

As at 31 March 2019

Age	Gross carrying amount	Weighted average loss rate	Loss allowance	Whether credit - impaired
Not due	16.04	1.61%	0.26	No
0- 90 days	2.82	2.15%	0.06	No
91 - 180 days	2.61	6.15%	0.15	No
181 - 270 days	1.00	83.74%	0.84	No
271 - 360 days	0.99	100.00%	0.99	No
> 360 days	4.05	100.00%	4.05	No
	27.51		**6.35**	

As at 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**	

30 Financial instruments - Fair values and risk management (continued)

C. Financial risk management (continued)

ii. Credit risk (continued)

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 2019	As at 31 March 2018
Balances at 1 April	3.46	3.33
Provision for the year	2.89	2.65
Receivable written off during the year	-	(2.52)
Balance at 31 March	**6.35**	**3.46**

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 9.91 crores at 31 March 2019 (31 March 2018: INR 4.76 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.

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Ensure Support Services (India) Limited *

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

30 Financial instruments - Fair values and risk management (continued)

C. Financial risk management (continued)

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

	Carrying amount	Contractual cash flows					
		Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
As at 31 March 2019							
Non derivative financial liabilities							
Trade payables	23.54	23.54	23.54	-	-	-	-
Other financial liabilities	8.70	8.70	6.91	1.79	-	-	-
	32.24	**32.24**	**30.45**	**1.79**	-	-	-

	Carrying amount	Contractual cash flows					
		Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
As at 31 March 2018							
Non derivative financial liabilities							
Trade payables	22.00	22.00	22.00	-	-	-	-
Other financial liabilities	10.53	10.53	1.37	9.16	-	-	-
	32.53	**32.53**	**23.37**	**9.16**	-	-	-

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ENSURE SUPPORT SERVICES (INDIA) LIMITED *

Ensure Support Services (India) Limited

Notes forming part of the financial statements for the year ended 31 March 2019

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

30 Financial instruments - Fair values and risk management (continued)

C. Financial risk management (continued)

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 2019			As at 31 March 2018		
	INR	USD	EUR	INR	USD	EUR
Financial assets:						
Investments	7.03	-	-	3.52	-	-
Deposits and other receivables	11.00	-	-	7.72	-	-
Trade receivables	17.72	1.83	1.61	35.10	2.95	-
Cash and cash equivalents	9.55	-	-	4.40	-	-
Other bank balances	0.20	-	-	0.18	-	-
Financial liabilities:						
Trade payables	(20.93)	-	(2.61)	(21.95)	(0.05)	-
Insurance claim payable	-	-	-	(4.42)	-	-
Others	(2.75)	-	(5.95)	(6.11)	-	-
Net assets / (liabilities)	**21.82**	**1.83**	**(6.95)**	**18.44**	**2.90**	-

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
As at 31 March 2019				
USD (1% movement)	0.02	(0.02)	-	-
EUR (1% movement)	0.07	(0.07)	-	-
As at 31 March 2018				
USD (1% movement)	0.03	(0.03)	-	-
EUR (1% movement)	-	-	-	-

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SERVICES (INDIA) LIMITED

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30 Financial instruments - Fair values and risk management (continued)

C. Financial risk management (continued)

iv. Market risk (continued)

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 2019	As at 31 March 2018
Fixed rate instruments		
Financial assets - Bank deposits	0.36	2.16

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 *

Ensure Support Services (India) Limited

Notes forming part of the financial statements for the year ended 31 March 2019

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

31 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 2019	31 March 2018
Payable in less than one year	0.21	1.14
Payable between one and five years	0.08	0.75
	0.29	**1.89**

Amounts recognised under operating leases in the statement of profit and loss was INR. 6.33 crores (31 March 2018: INR. 6.64 crores)

32 Contingent liabilities and commitments

	31 March 2019	31 March 2018
Contingent liabilities		
Claims against the Company not acknowledged as debts		
Sales tax related matters	-	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

Ensure Support Services (India) Limited

Notes forming part of the financial statements for the year ended 31 March 2019

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

33 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	Mr. S V Rao, Whole time Director (SVR) Mr. S V Krishnan, Director (SVK)
Fellow subsidiaries	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 2019	Year ended 31 March 2018
Short term employee benefits (excludes Stock compensation expense)	0.23	0.39
Post-employment defined benefits	*	*
Compensated absences	*	*
Sitting fees	0.23	0.39
Total	**0.46**	**0.78**

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	
	Year ended 31 March 2019	Year ended 31 March 2018	As at 31 March 2019	As at 31 March 2018
Sale of goods and services				
RIL	5.51	3.90	0.02	1.56
PSCSL	0.34	0.08	-	0.02
Purchase of goods and services				
RIL	0.36	0.39	0.01	0.02

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Ensure Support Services (India) Limited

Ensure Support Services (India) Limited

Notes forming part of the financial statements for the year ended 31 March 2019

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

33 Related parties (Continued)

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

	Transaction value		Balance outstanding	
	Year ended 31 March 2019	Year ended 31 March 2018	As at 31 March 2019	As at 31 March 2018
Rental Income				
PSCSL	-	0.32	0.03	0.03
Interest Expenses				
RIL	-	0.13	0.02	0.02
Rental Expenses				
RIL	0.46	0.46	0.17	0.17
Loans taken				
RIL	-	4.00	-	-
Loans repaid				
RIL	-	6.50	-	-
Sale of Assets				
RIL	0.08	-	-	-
Dividend				
RIL	1.35	1.58	-	-
Insurance loss repaid				
RIL	-	-	-	-
Any other expenses incurred on their behalf				
RIL	-	-	-	-
PSCSL	-	0.01	-	-
Any other expenses incurred on our behalf				
RIL	-	0.66	0.16	0.01
PSCSL	-	-	-	-
Remuneration paid to KMP				
SVK	-	0.16	-	-
SVR	0.23	0.23	-	-

All transactions with these related parties are priced on an arm's length basis. None of the balances is secured.

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34 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 Rs. 28.32 crores in the earlier years towards such claim. The amount of claim attributable towards the loss of its own inventory and amounts no longer payable to vendors 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 2019 and 2018) has been disclosed under "Other financial liabilities – Insurance claim payable" in note 27.

35 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 2019 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 2019**	**As at 31 March 2018**
(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.	-	-

36 Disclosure of specified bank notes

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2019

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Ensure Support Services (India) Limited *

Ensure Support Services (India) Limited

Notes forming part of the financial statements for the year ended 31 March 2019

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

37 Stock appreciation rights

A. Description of Stock appreciation rights

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 2019	31 March 2018
Fair value at grant date (weighted-average) *	INR 71.99 per SAR	INR 71.99 per SAR
Share price at grant date *	INR 174.60 per share	INR 174.60 per share
Base price / Exercise price *	INR 148.50 per SAR	INR 148.50 per SAR
Expected volatility (weighted-average) *	35.72%	35.72%
Expected life (weighted-average) *	4.10 years	4.10 years
Expected dividends *	1.20%	1.20%
Risk-free interest rate (weighted-average) *	7.02%	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	
	31 March 2019	31 March 2018
Outstanding as at April 01	210,000	-
Add: Granted during the year	-	210,000
Less: Exercised during the year	-	-
Less: Forfeited during the year	108,000	-
Outstanding as at March 31	102,000	210,000
SARs exercisable at the end of the year	Nil	Nil

The SARs outstanding as at 31 March 2019 and 31 March 2018 have a base price / exercise price of INR 148.50 per SAR and a weighted average remaining contractual life of 2.85 years (31 March 2018: 3.85 years). No SARs were exercised during the year.

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Ensure Support Services (India) Limited

37 Stock appreciation rights (continued)

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.

38 Subsequent events

On 20 May 2019, the Board of Directors of the Company have proposed a final dividend of Rs. 3.50 per share in respect of the year ended 31 March 2019, subject to the approval of shareholders at the ensuing Annual General Meeting.

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sethuraman

S Sethuraman
Partner
Membership No. 203491

Place: Chennai
Date : 20 May 2019

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

S.V.R

S V Rao
Director
DIN 06600739

S V Krishnan
Director
DIN 07518349

Place: Chennai
Date : 20 May 2019

Redington International Mauritius Limited and its Subsidiaries - Mauritius

Report and consolidated financial statements for the year ended 31 March 2019

Redington International Mauritius Limited and its Subsidiaries - Mauritius

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
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 2019, 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 2019, 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.

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Deloitte.

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
21 May 2019
Dubai
United Arab Emirates

Consolidated statement of financial position
as at 31 March 2019

	Notes	2019 US$	2018 US$
ASSETS			
Non-current assets			
Property and equipment	6	**10,589,835**	12,121,409
Other intangible assets	7	**32,703,032**	40,065,869
Goodwill	8	**370,521**	3,259,193
Deferred tax asset	9(b)	**1,674,682**	656,439
Total non-current assets		**45,338,070**	56,102,910
Current assets			
Derivative financial asset	8(b)	**-**	259,816
Due from related parties	21	**9,968,472**	-
Inventories	10	**313,568,178**	284,562,102
Trade and other receivables	11	**489,161,444**	508,947,075
Other financial assets	12	**1,295,219**	1,415,944
Cash and cash equivalents	13	**75,942,140**	53,365,602
Total current assets		**889,935,453**	848,550,539
Total Assets		**935,273,523**	904,653,449
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		**2,264,132**	1,497,510
Cumulative translation adjustment reserve		**(5,864,530)**	(3,274,470)
Re-measurement of defined benefit obligation		**(264,632)**	(264,632)
Retained earnings	17	**254,543,400**	212,470,060
Equity attributable to equity holders of the Company		**357,734,234**	317,484,332
Non-controlling interests	1	**48,789,203**	54,101,881
Total Equity		**406,523,437**	371,586,213
Non-current liabilities			
Provision for employees' end-of-service indemnity	18	**10,004,700**	9,552,533
Deferred tax liability	9(b)	**7,008**	228,411
Total non-current liabilities		**10,011,708**	9,780,944
Current liabilities			
Bank borrowings	19	**41,003,349**	97,050,766
Due to a related party	21	**18,451**	-
Trade and other payables	20	**474,559,113**	423,939,155
Income tax payable	9(a)	**3,157,465**	2,296,371
Total current liabilities		**518,738,378**	523,286,292
Total Liabilities		**528,750,086**	533,067,236
Total Equity and Liabilities		**935,273,523**	904,653,449

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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 2019

	Notes	2019 US$	2018 US$
Trading revenue		**3,655,306,337**	3,544,888,065
Service revenue		**74,306,540**	70,922,017
Cost of revenue		**(3,525,786,804)**	(3,433,708,467)
Gross profit		**203,826,073**	182,101,615
General and administrative expenses	22	**(72,563,933)**	(67,052,318)
Selling and distribution expenses	23	**(69,027,542)**	(67,169,089)
Profit from operations		**62,234,598**	47,880,208
Impairment losses	24	**(10,253,000)**	-
Interest expense		**(10,096,927)**	(8,901,596)
Gain on disposal of investment in subsidiaries	16	**926,995**	-
Other income - net		**2,082,673**	1,742,106
Profit before tax		**44,894,339**	40,720,718
Income tax expense	9(c)	**(5,472,475)**	(3,838,885)
Profit for the year		**39,421,864**	36,881,833
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
Transfer to cumulative translation adjustment reserve		**(3,427,718)**	(770,971)
Total comprehensive income for the year		**35,994,146**	36,110,862
Profit/(loss) for the year attributable to:			
Equity holders of the Company		**42,941,443**	36,626,628
Non-controlling interests	1	**(3,519,579)**	255,205
		39,421,864	36,881,833
Total comprehensive income/(loss) for the year attributable to:			
Equity holders of the Company		**40,351,383**	36,067,614
Non-controlling interests		**(4,357,237)**	43,248
		35,994,146	36,110,862

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity for the year ended 31 March 2019

	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 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 1(h)]	-	-	-	-	-	-	(317,924)	(317,924)	(857,844)	(1,175,768)
Recognized from incorporation of subsidiaries	-	-	-	-	-	-	-	-	178,331	178,331
Dividend paid to local sponsors of subsidiaries (Note 31)	-	-	-	-	-	-	(17,058)	(17,058)	-	(17,058)
Dividend paid to NCI (Note 31)	-	-	-	-	-	-	-	-	(479,768)	(479,768)
Stock appreciation rights granted to employees (Note 25)	-	-	-	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
Profit/(loss) for the year	-	-	-	-	-	-	42,941,443	42,941,443	(3,519,579)	39,421,864
Cumulative translation adjustment reserve	-	-	-	-	(2,590,060)	-	-	(2,590,060)	(837,658)	(3,427,718)
Total comprehensive income/(loss) for the year	-	-	-	-	(2,590,060)	-	42,941,443	40,351,383	(4,357,237)	35,994,146
Acquisition of non-controlling interest [Note 1(h)]	-	-	-	-	-	-	(229,217)	(229,217)	(955,441)	(1,184,658)
Dividend paid to local sponsors of subsidiaries (Note 31)	-	-	-	-	-	-	(638,886)	(638,886)	-	(638,886)
Stock appreciation rights granted to employees (Note 25)	-	-	-	766,622	-	-	-	766,622	-	766,622
Balance as at 31 March 2019	**27,668,025**	**33,731,903**	**45,655,936**	**2,264,132**	**(5,864,530)**	**(264,632)**	**254,543,400**	**357,734,234**	**48,789,203**	**406,523,437**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
for the year ended 31 March 2019

	2019 US$	2018 US$
Cash flows from operating activities		
Profit before taxation	**44,894,339**	40,720,718
Adjustments for:		
Depreciation of property and equipment	**3,030,033**	3,393,281
Provision for employees' end-of-service indemnity	**2,194,330**	2,012,261
Impairment losses	**10,253,000**	-
Amortisation of other intangible assets	**2,875,562**	2,161,047
Expected credit losses (2018: allowance for doubtful debts - specific)	**3,358,918**	1,647,245
Interest income	**(1,956,443)**	(1,552,785)
Gain on disposal of property and equipment	**(17,064)**	-
Gain on increase in fair value of derivative financial asset	**-**	(73,764)
Gain on disposal of subsidiaries	**(926,995)**	-
Allowance for slow-moving inventories	**1,136,220**	215,686
Stock appreciation rights granted to employees	**766,622**	220,554
Interest expense	**10,096,927**	8,901,596
Operating cash flow before changes in operating assets and liabilities	**75,705,449**	57,645,839
Decrease/(increase) in other financial assets	**120,725**	(143,462)
Increase in due from related parties	**(286,585)**	-
Decrease/(increase) in trade and other receivables	**8,904,442**	(83,005,576)
Increase in inventories	**(33,442,949)**	(23,510,466)
Increase in trade and other payables	**52,020,104**	66,337,972
Increase in due to a related party	**16,688**	-
Cash generated from operations	**103,037,874**	17,324,307
Employees' end-of-service indemnity paid	**(1,462,157)**	(1,160,031)
Income tax paid	**(5,939,490)**	(3,563,611)
Net cash from operating activities	**95,636,227**	12,600,665
Cash flows from investing activities		
Purchase of property and equipment	**(2,086,154)**	(2,822,111)
Net cash outflow on acquisition of non-controlling interest [Note 1(h)]	**(924,842)**	(989,715)
Purchase of other intangible assets	**(2,877,053)**	(2,941,169)
Net cash inflow on incorporation of subsidiaries	**-**	178,331
Net cash outflow for disposal of subsidiaries	**(599,725)**	-
Proceeds from disposal of property and equipment	**445,123**	432,521
Interest received	**1,956,443**	1,552,785
Net cash used in investing activities	**(4,086,208)**	(4,589,358)
Cash flows from financing activities		
Repayment of bank borrowings under trust receipts - net	**(49,757,998)**	(26,581,003)
(Repayment of)/proceeds from short term loans - net	**(3,741,688)**	671,781
Repayment of bank overdraft - net	**(1,431,491)**	(498,737)
Dividends paid	**(638,886)**	(496,826)
Interest paid	**(10,096,927)**	(8,696,742)
Net cash used in financing activities	**(65,666,990)**	(35,601,527)
Net increase/(decrease) in cash and cash equivalents	**25,883,029**	(27,590,220)
Cash and cash equivalents at the beginning of the year	**53,365,602**	82,032,529
Effects of exchange rate changes on cash and cash equivalents held in foreign currencies	**(3,306,491)**	(1,076,707)
Cash and cash equivalents at the end of the year (Note 13)	**75,942,140**	53,365,602

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements for the year ended 31 March 2019

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 License 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 2019 are as follow:

Name of subsidiary	*Ownership interest* %	*Beneficial interest* %	*Place of registration and operation*	*Principal activities*
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.

Name of subsidiary	*Ownership interest* %	*Beneficial interest* %	*Place of registration and operation*	*Principal activities*
Cadensworth FZE	100	100	Dubai, U.A.E.	Distribution of information technology products and spare parts.
Redington Middle East LLC [Note 1(g)]	49	100	Dubai, U.A.E.	Distribution of information technology products, providing hardware support and maintenance services.
Cadensworth UAE LLC [Note 1(g)]	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.	100	100	Istanbul, Turkey	Distribution of information technology products.

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

1. Status and operations (continued)

Name of subsidiary	*Ownership interest %*	*Beneficial interest %*	*Place of registration and operation*	*Principal activities*
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 2019 (continued)

1. Status and operations (continued)

Name of subsidiary	*Ownership interest* %	*Beneficial interest* %	*Place of registration and operation*	*Principal activities*
CDW International Trading FZCO	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	84.8	84.8	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 2019 (continued)

1. Status and operations (continued)

Ensure Gulf FZE has the following subsidiaries:

Name of subsidiary	*Ownership interest* %	*Beneficial interest* %	*Place of registration and operation*	*Principal activities*
Ensure Technical Services (PTY) Ltd.	100	100	KwaZulu-Natal, South Africa	Providing hardware support and maintenance services.
Ensure Middle East Trading LLC [Note 1(g)]	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:

Name of subsidiary	*Ownership interest* %	*Beneficial interest* %	*Place of registration and operation*	*Principal activities*
Proconnect Saudi LLC	100	100	Riyadh, Saudi Arabia	Providing logistics services.

Redington Egypt Ltd. has the following subsidiary:

Name of subsidiary	*Ownership interest* %	*Beneficial interest* %	*Place of registration and operation*	*Principal activities*
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.

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

1. Status and operations (continued)

Redington Turkey Holdings S.A.R.L. has the following subsidiary:

Name of subsidiary	*Ownership interest* %	*Beneficial interest* %	*Place of registration and operation*	*Principal activities*
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:

Name of subsidiary	*Ownership interest* %	*Beneficial interest* %	*Place of registration and operation*	*Principal activities*
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 Electronik Ticaret Hizmetleri A.S.	90	90	Istanbul, Turkey	Online electronics retail and market.
Arena Mobile Iletisim Hizmetteri ve Turketici Elektronigi 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 2019 (continued)

1. Status and operations (continued)

Non-controlling interests in subsidiaries

h) 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*	
		2019	2018	**2019**	2018	**2019**	2018
		%	%	**US$**	US$	**US$**	US$
Arena Bilgisayar Sanayi ve Ticaret A.S. (Arena)	Istanbul, Turkey	**50.6**	50.6	**(3,520,837)**	159,786	**48,801,154**	53,159,649
Linkplus Bilgisayar Sistemleri Sanayi ve Ticaret A.S. (Linkplus)	Istanbul, Turkey	-	10	-	171,025	-	976,993
Citrus Consulting Services FZ-LLC (Citrus)	Dubai, U.A.E	**15.2**	40	**1,258**	(75,606)	**(11,951)**	(34,761)
Total				**(3,519,579)**	255,205	**48,789,203**	54,101,881

During the year, RGF acquired:

- an additional 10% (2018: 10%) of Linkplus with carrying value of US$ 976,991 (2018: US$ 857,844) for a consideration of US$ 1,159,333 (2018: US$ 1,151,574) inclusive of a call option of US$ 259,816 (2018: US$ 186,053) exercised. This being a common control transaction, the premium of US$ 182,342 (2018: US$ 293,730) paid over the carrying value is recognised as a reduction from retained earnings. As at 31 March 2019, Linkplus is a wholly-owned subsidiary of RGF.
- an additional 24.8% of Citrus with negative carrying value of US$ 21,550 for a consideration of US$ 25,325. This being a common control transaction, the premium of US$ 46,875 paid over the carrying value is recognised as a reduction from retained earnings.

i) The summarised consolidated financial information below of a non-wholly owned subsidiary, Arena, with a material non-controlling interest represents amounts before intragroup eliminations.

	2019	2018
	US$	US$
Current assets	**190,404,095**	172,765,864
Non-current assets	**2,395,171**	1,587,153
Current liabilities	**121,501,763**	101,841,616
Non-current liabilities	**572,779**	646,106
Equity attributable to equity holders of Arena	**70,789,325**	71,818,528
Non-controlling interest	**(64,601)**	46,767
Profit for the year attributable to equity holders of Arena	**620,815**	522,210
Loss for the year attributable to non-controlling interest	**(108,620)**	(84,213)
	512,195	437,997

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

1. Status and operations (continued)

Non-controlling interests in subsidiaries (continued)

	2019 US$	2018 US$
Total comprehensive income attributable to equity holders of Arena	**(1,026,455)**	257,731
Total comprehensive loss attributable to non-controlling interest	**(111,368)**	(134,213)
Total comprehensive income	**(1,137,823)**	123,518
Net cash from operating activities	**4,834,385**	2,659,359
Net cash used in investing activities	**(491,016)**	(762,913)
Net cash used in financing activities	**(6,513,237)**	(5,261,563)

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

In the current year, the Group has applied a number of amendments to IFRS issued by the International Accounting Standards Board (IASB) that are effective for the annual period that begins on 1 April 2018.

Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

New and revised IFRS	*Effective for annual periods beginning on or after*
Annual Improvements to IFRS Standards 2014 - 2016 Cycle amending IFRS 1 and IAS 28.	1 January 2018
Amendments to IFRS 4 *Insurance Contracts*: Relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard.	1 January 2018
IFRIC 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018

The interpretation addresses foreign currency transactions or parts of transactions where:

- 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.

Amendments to IFRS 2 *Share Based Payment* regarding classification and measurement of share based payment transactions.	1 January 2018

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

New and revised IFRS	Effective for annual periods beginning on or after
Amendments to IAS 40 *Investment Property*: 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

The Group applies, for the first time, IFRS 9 *Financial Instruments* (as revised in July 2014) and IFRS 15 *Revenue from Contracts with Customers* and the related consequential amendments to other IFRS that are effective for an annual period that begins on or after 1 April 2018. The impact of the initial application of these standards to these consolidated financial statements is as follows:

Impact of application of IFRS 15 *Revenue from Contracts with Customers*

Impact of adoption

The IASB has issued a new standard for the recognition of revenue. IFRS 15 with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes IAS 18 *Revenue* which covers contracts for goods. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

The Group's accounting policies for its revenue streams are disclosed in detail in Note 4 to the consolidated financial statements. Apart from providing more extensive disclosures for the Group's revenue transactions, the application of IFRS 15 has not had an impact on the financial position and/or financial performance of the Group.

Impact of initial application of IFRS 9 *Financial Instruments*

In the current year, the Group has applied IFRS 9 (as revised in July 2014) and the related consequential amendments to other standards that are mandatorily effective for an accounting period that begins on or after 1 April 2018. Transition provisions of IFRS 9 allow an entity not to restate comparatives.

Additionally, the Group adopted consequential amendments to IFRS 7 *Financial Instruments: Disclosures* that were applied to the disclosures in the current year and to the comparative year. IFRS 9 introduced new requirements for:

1) The classification and measurement of financial assets and financial liabilities,
2) Impairment of financial assets, and
3) General hedge accounting.

Details of these new requirements as well as their impact on the Group's consolidated financial statements are described below. The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

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

Impact of initial application of IFRS 9 *Financial Instruments* (continued)

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Group has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 April 2018. Accordingly, the Group has applied the requirements of IFRS 9 to instruments that have not been derecognised as at 1 April 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The management reviewed and assessed the Group's existing financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 had no material impact on the Group's financial assets classification and measurement.

(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39 *Financial Instruments: Recognition and Measurement*. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Specifically, IFRS 9 requires the Group to recognise a loss allowance for expected credit losses on trade and other receivables.

In particular, IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12-month ECL. IFRS 9 also provides a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables.

(c) Classification and measurement of financial liabilities

One major change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at fair value through profit or loss (FVTPL) attributable to changes in the credit risk of the issuer.

The Group does not have financial liability designated as at FVTPL and therefore, the application of IFRS 9 has had no impact on the classification and measurement of the Group's financial liabilities.

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

Impact of initial application of IFRS 9 *Financial Instruments* (continued)

(d) General hedge accounting

The application of the IFRS 9 hedge accounting requirements has had no impact on the results and financial position of the Group for the current and/or prior years.

(e) Disclosures in relation to the initial application of IFRS 9

There were no financial assets or financial liabilities which the Group had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Group has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Group has elected to designate as at FVTPL at the date of initial application of IFRS 9.

As a result of the application of IFRS 9, effective from 1 April 2018, the Group's original measurement categories and carrying amounts in accordance with IAS 39 and the new measurement categories with those under IFRS 9 for the Group's financial assets and liabilities remain unchanged i.e. all financial assets and financial liabilities of the Group continue to be classified at amortised cost (except for the derivative financial asset) and there has been no change to the carrying amount of financial assets and financial liabilities.

(f) Classification and measurement of financial instruments

	Original measurement category under IAS 39	***New measurement category under IFRS 9***
Due from related parties	Loans and receivables	Financial assets at amortised cost
Trade receivables	Loans and receivables	Financial assets at amortised cost
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost
Advances	Loans and receivables	Financial assets at amortised cost
Other receivables	Loans and receivables	Financial assets at amortised cost
Deposits	Loans and receivables	Financial assets at amortised cost
Trade payables	Financial liabilities at amortised cost	Financial liabilities at amortised cost
Accrued expenses	Financial liabilities at amortised cost	Financial liabilities at amortised cost
Other payables	Financial liabilities at amortised cost	Financial liabilities at amortised cost
Due to a related party	Financial liabilities at amortised cost	Financial liabilities at amortised cost

Notes to the consolidated financial statements for the year ended 31 March 2019 (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 and not early adopted

The Group has not yet applied the following new and revised IFRS that have been issued but are not yet effective:

New and revised IFRS	***Effective for annual periods beginning on or after***
IFRS 16 Leases.	1 January 2019
Annual Improvements to IFRS 2015-2017 Cycle amending IFRS 3 *Business Combinations*, IFRS 11 *Joint Arrangements*, IAS 12 *Income Taxes* and IAS 23 *Borrowing costs*.	1 January 2019
Amendments to IFRS 9 *Prepayment Features with Negative Compensation.*	1 January 2019
IFRIC 23 *Uncertainty over Income Tax Treatments.*	1 January 2019
Amendment to IAS 19 *Employee Benefits* relating to amendment, curtailment or settlement of a defined benefit plan.	1 January 2019
Amendments in IAS 28 *Investments in Associates and Joint Ventures* relating to long-term interests in associates and joint ventures.	1 January 2019
Amendments to References to the Conceptual Framework in IFRS - amendments to IFRS 2 *Share-based Payment*, IFRS 3 *Business Combinations*, IFRS 6 *Exploration for and Evaluation of Mineral Resources*, IFRS 14 *Regulatory Deferral Accounts*, IAS 1 *Presentation of Financial Statements*, IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, IAS 34 *Interim Financial Reporting*, IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, IAS 38 *Intangible Assets*, IFRIC 12 *Service Concession Arrangements*, IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*, IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*, IFRIC 22 *Foreign Currency Transactions and Advance Considerations*, and SIC-32 *Intangible Assets – Web Site Costs* to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.	1 January 2020
Amendment to IFRS 3 *Business Combinations* relating to definition of a business.	1 January 2020
Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* relating to definition of "material".	1 January 2020
IFRS 17 *Insurance Contracts.*	1 January 2021
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.

Notes to the consolidated financial statements
for the year ended 31 March 2019 (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 and not early adopted (continued)

The management do not expect that the adoption of the new and revised standards listed above will have a material impact on the consolidated financial statements of the Group in future periods, except as noted below:

IFRS 16 *Leases*

General impact of application of IFRS 16

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the consolidated financial statements for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 *Leases* and the related Interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The date of initial application of IFRS 16 for the Group will be 1 April 2019.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

Impact of the new definition of a lease

The Group will make use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to apply to those leases entered or modified before 1 January 2019. Also, the Group will make use of the other practical expedients on a lease-by-lease as follows:

a) The Group will use a single discount rate to its portfolio of leases given that its leases have reasonably similar characteristics.
b) The Group will exclude the initial direct costs from the measurement of the right of use of asset at the date of initial application.
c) The Group may elect not to apply the requirements of IFRS 16 to leases for which the term ends within 12 months of the date of initial application.
d) The Group will use a hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

The Group will apply the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 April 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Group has carried out an implementation project. The project has shown that the new definition in IFRS 16 may change significantly the scope of contracts that meet the definition of a lease for the Group.

Notes to the consolidated financial statements
for the year ended 31 March 2019 (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 and not early adopted (continued)

IFRS 16 *Leases (continued)*

Impact on Lessee Accounting

Operating leases

IFRS 16 will change how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet.

On initial application of IFRS 16, for all leases (except as noted below), the Group will:

a) Recognise right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;
b) Recognise depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss and other comprehensive income;
c) Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flow.

Lease incentives (e.g. rent-free period) will be recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under IFRS 16, right-of-use assets will be tested for impairment in accordance with IAS 36 *Impairment of Assets*. This will replace the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less), the Group will opt to recognise a lease expense on a straight-line basis as permitted by IFRS 16.

A preliminary assessment indicates that from the total operating lease commitments as disclosed in Note 30 to the consolidated financial statements, US$ 7,086,986 relates to leases other than short-term leases and leases of low-value assets, and hence, the Group will recognise a right-of-use asset, net of accumulated depreciation of US$ 25,255,722 and a corresponding lease liability of US$ 24,614,059 in respect of all these leases. The impact on profit or loss for the year ending 2020 is to decrease other expenses by US$ 4,601,196, to increase depreciation expense by US$ 4,232,741 and to increase interest expense by US$ 1,591,802.

Under IAS 17, all lease payments on operating leases are presented as part of cash flows from operating activities. The impact of the changes under IFRS 16 would be to reduce the cash generated by operating activities and to increase net cash used in financing activities by the same amount.

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

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.

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 loss 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:

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

4. Significant accounting policies (continued)

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.

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. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

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

4. Significant accounting policies (continued)

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:

	Years
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.

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.

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

4. Significant accounting policies (continued)

Intangible assets (continued)

The following useful lives are used in the calculation of amortization:

	Years
Trade name	Indefinite
Customer relationship	7
Software	3 - 5

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.

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.

4. Significant accounting policies (continued)

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 cumulative years of service as 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.

Revenue recognition

Policy applicable from 1 April 2018

The application of the new standard requires management to apply the following new accounting policies:

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 being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates, customer returns and other taxes. The following specific recognition criteria must also be met before revenue is recognised:

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

4. Significant accounting policies (continued)

Revenue recognition (continued)

Policy applicable from 1 April 2018 ***(continued)***

(i) Revenue from sale of goods

The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

1) Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.
2) Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
3) Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
4) Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
5) Recognise revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

The Group allocates the transaction price to the performance obligations in a contract based on the input method which requires revenue recognition on the basis of the Group's efforts or inputs to the satisfaction of the performance obligations.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent and has concluded that it is acting as a principal in all of its revenue arrangements.

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

4. Significant accounting policies (continued)

Revenue recognition (continued)

Policy applicable before 1 April 2018

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 date.

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.

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 prcparing 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.

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

4. Significant accounting policies (continued)

Financial instruments

Policy applicable from 1 April 2018

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position 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 the consolidated statement of profit or loss and other comprehensive income.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at amortised cost.

Amortised cost and effective interest rate method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Impairment of financial assets

The Group always recognises lifetime ECL for trade receivables. The expected credit loss on this financial asset is estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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

4. Significant accounting policies (continued)

Financial instruments (continued)

Policy applicable from 1 April 2018* *(continued)

Financial assets (continued)

Impairment of financial assets (continued)

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(a) The financial instrument has a low risk of default,
(b) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
(c) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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

4. Significant accounting policies (continued)

Financial instruments (continued)

***Policy applicable from 1 April 2018* (continued)**

Financial assets (continued)

Impairment of financial assets (continued)

(ii) Definition of default

The Group employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Group.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;
b) a breach of contract, such as a default or past due event (see (ii) above);
c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

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

4. Significant accounting policies (continued)

Financial instruments (continued)

Policy applicable from 1 April 2018 ***(continued)***

Financial assets (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when 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 measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and 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 liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Financial instruments under IAS 39, applicable before 1 April 2018

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.

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

4. Significant accounting policies (continued)

Financial instruments (continued)

Financial instruments under IAS 39, applicable before 1 April 2018* *(continued)

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 2019 (continued)

4. Significant accounting policies (continued)

Financial instruments (continued)

***Financial instruments under IAS 39, applicable before 1 April 2018* (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 2019 (continued)

4. Significant accounting policies (continued)

Financial instruments (continued)

Financial instruments under IAS 39, applicable before 1 April 2018 ***(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.

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.

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.

Provision for impairment of trade receivables

The Group measures the estimated credit losses at an amount equal to lifetime ECL. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Calculation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Impairment of goodwill and intangible assets

The Group carries out an impairment review whenever events or changes in circumstance indicate that the carrying value of goodwill and intangible assets may not be recoverable. In addition, the Group carries out an annual impairment review as required by IAS 36.

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

Impairment of goodwill and intangible assets (continued)

In determining whether goodwill and intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which goodwill and intangible assets have been allocated. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating unit (CGU) and a suitable discount rate in order to calculate present value.

The devaluation of Turkish Lira against the United States Dollars and difficult economic conditions in Turkey affected the results of the subsidiary's business. A higher country risk rating and higher cost of equity affected the weighted average cost of capital of Redington Gulf FZE. The estimate of future cash flows and terminal value growth rate for the cash-generating unit has been significantly affected by the current assumptions relating to market outlook.

As a result of the above, the carrying amount of goodwill as at 31 March 2019 was nil (2018: US$ 2,888,672) after an impairment loss of US$ 2,888,672 was recognised during the year (2018: nil) and the carrying amount of intangible assets as at 31 March 2019 amounted to US$ 26,486,772 (2018: US$ 33,851,100) after an impairment loss of US$ 7,364,328 was recognized during the year (2018: nil). The amounts of goodwill and intangible assets arose from the acquisition of Arena and details of the impairment loss calculation are set out in Notes 7, 8 and 24.

Set out below is an analysis on the resulting total impairment loss for the year ended 31 March 2019, if the following factors have been increased or decreased by 0.5% and all other variables were constant:

	Total impairment loss	
	Increase in rate US$'000	Decrease in rate US$'000
Revenue growth rate	6,764	13,688
Discount rate	13,518	6,803
Terminal growth rate	9,948	10,559

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.

Allowance for general risks

Management had considered it necessary to build an allowance for other risks and such provision is maintained in order to cover the general country related and economic and political risks. 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.

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

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 2019 (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 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
Additions/transfers	45,165	411,926	896,468	22,209	-	247,506	462,880	2,086,154
Disposals	-	(49,005)	(2,107,638)	(363,173)	(22,034)	(298,210)	(581,696)	(3,421,756)
Eliminated due to disposal of subsidiaries (Note 16)	-	(104,619)	(260,505)	(85,605)	-	(115,812)	(85,661)	(652,202)
At 31 March 2019	**6,767,484**	**3,097,515**	**15,103,985**	**1,370,820**	**533,848**	**8,989,594**	**3,989,420**	**39,852,666**
Accumulated depreciation								
At 1 April 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
Charge for the year	336,116	331,806	1,001,266	93,802	30,113	432,225	804,705	3,030,033
Eliminated on disposals	-	(40,686)	(1,928,099)	(290,415)	(14,700)	(245,988)	(473,809)	(2,993,697)
Eliminated due to disposal of subsidiaries (Note 16)	-	(64,918)	(179,130)	(85,894)	-	(88,377)	(74,247)	(492,566)
At 31 March 2019	**2,884,151**	**2,298,800**	**11,615,308**	**1,177,677**	**277,970**	**7,660,368**	**3,348,557**	**29,262,831**
Carrying amount								
At 31 March 2019	**3,883,333**	**798,715**	**3,488,677**	**193,143**	**255,878**	**1,329,226**	**640,863**	**10,589,835**
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

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 2019 (continued)

7. Other intangible assets

a)	Trade name US$	Customer relationship US$	Software US$	Work-in-progress US$	Total US$
Cost					
At 1 April 2017	33,851,100	5,903,282	8,838,932	-	48,593,314
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	508,015	51,534,483
Additions during the year	-	-	2,717,147	159,906	2,877,053
At 31 March 2019	**33,851,100**	**5,903,282**	**13,989,233**	**667,921**	**54,411,536**
Accumulated amortisation and impairment loss					
At 1 April 2017	-	3,906,940	5,400,627	-	9,307,567
Amortisation during the year	-	271,262	1,889,785	-	2,161,047
At 31 March 2018	-	4,178,202	7,290,412	-	11,468,614
Amortisation during the year	-	162,940	2,712,622	-	2,875,562
Impairment loss (Note 24)	7,364,328	-	-	-	7,364,328
At 31 March 2019	**7,364,328**	**4,341,142**	**10,003,034**	-	**21,708,504**
Carrying amounts					
At 31 March 2019	**26,486,772**	**1,562,140**	**3,986,199**	**667,921**	**32,703,032**
At 31 March 2018	33,851,100	1,725,080	3,981,674	508,015	40,065,869

Work-in-progress represents costs incurred as at the reporting date on the development of the Group's various business software.

Trade name and customer relationship resulted from the investments in subsidiaries in Turkey.

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

7. Other intangible assets (continued)

	2019 US$	2018 US$
b)		
With finite useful life	**6,216,260**	6,214,769
With indefinite useful life	**26,486,772**	33,851,100
	32,703,032	40,065,869

8. Goodwill

	2019 US$	2018 US$
a)		
Balance at 1 April	**3,259,193**	3,259,193
Impairment loss (Note 24)	**(2,888,672)**	-
Balance at 31 March	**370,521**	3,259,193

Goodwill has been allocated for impairment testing purposes to the following cash-generating units:

	2019 US$	2018 US$
Arena Bilgisayar Sanayi ve Ticaret A.S.	-	2,888,672
Linkplus Bilgisayar Sistemleri Sanayi Ve Ticaret AS	**370,521**	370,521
	370,521	3,259,193

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 2.0% (2018: 1.5%) for Arena and 3% (2018: 3%) for Linkplus is applied, and a weighted average cost of capital of 19.05% (2018: 14.06%) for Arena and 30.86% (2018: 22.03%) for Linkplus per annum.

b) Movement on the call option is as follows:

	2019 US$	2018 US$
Balance at the beginning of the year	**259,816**	372,105
Exercised during the year	**(259,816)**	(186,053)
Gain on increase in fair value	-	73,764
	-	259,816

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

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 applicable income tax rates of the Group range from 10% to 30%.

a) The movement of income tax payable is as follows:

	2019 US$	2018 US$
Balance at the beginning of the year	**2,296,371**	2,197,516
Charge for the year	**6,833,348**	3,662,466
Tax paid during the year	**(5,939,490)**	(3,563,611)
Eliminated due to disposal of subsidiaries (Note 16)	**(32,764)**	-
Balance at the end of the year	**3,157,465**	2,296,371

b) The movement in deferred tax asset and liability are as follows:

	2019 US$	2018 US$
Deferred tax asset		
Balance at the beginning of the year	**656,439**	376,756
Deferred tax benefit/(expense) for the year	**1,139,470**	(26,052)
Exchange rate effect	**(121,227)**	305,735
Balance at the end of the year	**1,674,682**	656,439
Deferred tax liability		
Balance at the beginning of the year	**(228,411)**	(78,044)
Deferred tax expense for the year	**221,403**	(150,367)
Balance at the end of the year	**(7,008)**	(228,411)

c) Tax expense for the year is as follows:

	2019 US$	2018 US$
Current taxation	**6,833,348**	3,662,466
Deferred taxation	**(1,360,873)**	176,419
	5,472,475	3,838,885

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

10. Inventories

	2019 US$	2018 US$
Goods held for sale	**297,562,258**	278,383,193
Less: Allowance for slow-moving items	**(3,823,477)**	(2,784,928)
	293,738,781	275,598,265
Goods in transit	**19,829,397**	8,963,837
	313,568,178	284,562,102

Movement in allowance for slow-moving items:

	2019 US$	2018 US$
Opening balance	**2,784,928**	2,569,242
Allowance for slow-moving inventories	**1,136,220**	215,686
Disposal of subsidiaries (Note 16)	**(97,671)**	-
Closing balance	**3,823,477**	2,784,928

11. Trade and other receivables

	2019 US$	2018 US$
Trade receivables	**453,216,538**	475,445,133
Less: Expected credit losses/(2018: allowance for doubtful debts)	**(10,009,017)**	(7,350,965)
	443,207,521	468,094,168
Receivables from suppliers	**16,631,265**	17,311,027
Other receivables	**13,107,228**	11,897,555
Advance to suppliers	**8,227,943**	5,795,676
Prepayments	**5,176,254**	3,730,042
Deposits	**2,341,575**	1,422,814
Staff advances	**359,790**	493,981
Withholding tax receivable	**109,868**	201,812
	489,161,444	508,947,075

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 43 days (2018: 47 days).

There are no customers who represent more than 10% of the total balance of trade receivables.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the expected credit losses based on past due status is not further distinguished between the Group's different customer base.

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

11. Trade and other receivables (continued)

	Gross carrying amount at default US$	Impaired receivables US$	Not impaired receivables US$
31 March 2019			
Current	**394,915,401**	**-**	**394,915,401**
Past due by:			
1 - 30 days	**27,747,006**	**-**	**27,747,006**
31 - 60 days	**7,345,218**	**-**	**7,345,218**
61 - 90 days	**5,600,710**	**-**	**5,600,710**
Over 90 days	**17,608,203**	**10,009,017**	**7,599,186**
	453,216,538	**10,009,017**	**443,207,521**
31 March 2018			
Current	419,415,162	-	419,415,162
Past due by:			
1 - 30 days	25,289,443	-	25,289,443
31 - 60 days	11,668,311	-	11,668,311
61 - 90 days	3,058,246	-	3,058,246
Over 90 days	16,013,971	7,350,965	8,663,006
	475,445,133	7,350,965	468,094,168

Movement in the expected credit losses (2018: allowance for doubtful debts):

	2019 US$	2018 US$
Balance at the beginning of the year	**7,350,965**	8,102,141
Impairment losses recognised during the year	**3,358,918**	1,647,245
Amount written-off as uncollectible	**(700,866)**	(2,398,421)
Balance at end of the year	**10,009,017**	7,350,965

12. Other financial assets

	2019 US$	2018 US$
Margin deposits	**1,295,219**	1,415,944

Margin deposits are held by banks against letters of guarantee (Note 29).

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

13. Cash and cash equivalents

	2019 US$	2018 US$
Cash on hand	**2,575,441**	440,191
Bank balances:		
- Current accounts	**55,040,671**	42,674,049
- Short-term deposits	**18,326,028**	10,251,362
	75,942,140	53,365,602

Short-term deposits have original maturity period of 3 months or less and carry an average interest rate of 3.87% per annum (2018: 1.4% 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 subsidiaries

On 2 December 2018, the Group disposed of Redington Qatar Distribution W.L.L. and Redington Qatar W.L.L. to Redington Distribution Pte. Limited, Singapore, a wholly owned subsidiary of the ultimate controlling party. The net assets of the subsidiaries at the date of disposal were as follow:

a) *Redington Qatar Distribution W.L.L.*

	US$
Assets	
Cash and cash equivalents	453,616
Trade and other receivables	7,158,717
Inventories	3,213,011
Property and equipment (Note 6)	71,832
Total assets	10,897,176
Liabilities	
Bank borrowings	1,116,240
Trade and other payables	8,591,271
Due to related parties	941,421
Income tax payable [Note 9(a)]	28,561
Provision for employees' end-of-service indemnity (Note 18)	137,886
Total liabilities	10,815,379
Identifiable net assets	81,797
Sale proceeds receivable	518,043
Gain on disposal	436,246

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

16. Disposal of subsidiaries (continued)

b) Redington Qatar W.L.L.

	US$
Assets	
Cash and cash equivalents	146,109
Trade and other receivables	363,554
Due from related parties	1,763
Inventories	87,642
Property and equipment (Note 6)	87,804
Total assets	686,872
Liabilities	
Trade and other payables	458,725
Income tax payable [Note 9(a)]	4,203
Provision for employees' end-of-service indemnity (Note 18)	142,120
Total liabilities	605,048
Identifiable net assets	81,824
Sale proceeds receivable	572,573
Gain on disposal	490,749

17. Retained earnings

Retained earnings include US$ 154,274 (2018: US$ 156,238) 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

	2019 US$	2018 US$
Balance at the beginning of the year	**9,552,533**	8,700,303
Amount charged to income for the year	**2,194,330**	2,012,261
Disposal of subsidiaries (Note 16)	**(280,006)**	-
Amounts paid during the year	**(1,462,157)**	(1,160,031)
Balance at the end of the year	**10,004,700**	9,552,533

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

19. Bank borrowings

	2019 US$	2018 US$
Short term loans	**31,118,861**	34,860,549
Trust receipts	**9,821,676**	60,695,914
Overdraft	**62,812**	1,494,303
	41,003,349	97,050,766

a) Trust receipts amounting to US$ 9.8 million (2018: US$ 60.7 million) are secured by assignment of insurance policies over inventories on a pari-passu basis.

b) Short term loans are repayable within one year and are at floating rates of interest.

c) For the year ended 31 March 2019, the average interest rate is at 5.65% (2018: 4.94%) per annum.

d) Movement in bank borrowings is as follows:

	Short-term loans US$	Trust receipts US$	Overdraft US$	Total US$
Balance as at 1 April 2017	34,188,768	87,276,917	1,993,041	123,458,726
New loans availed	671,781	-	-	671,781
Repayments made	-	(26,581,003)	(498,738)	(27,079,741)
Balance as at 31 March 2018	34,860,549	60,695,914	1,494,303	97,050,766
New loans availed	753,468,984	1,282,076,916	154,297,744	2,189,843,644
Repayments made	(757,210,672)	(1,331,834,914)	(155,729,235)	(2,244,774,821)
Eliminated due to disposal of subsidiaries (Note 16)	-	(1,116,240)	-	(1,116,240)
Balance as at 31 March 2019	**31,118,861**	**9,821,676**	**62,812**	**41,003,349**

20. Trade and other payables

	2019 US$	2018 US$
Trade payables	**396,482,129**	365,247,178
Accrued expenses and other payables	**40,409,455**	49,698,257
Advances from customers	**37,667,529**	8,993,720
	474,559,113	423,939,155

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

21. Related party balances and 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.

At the reporting date, related party balances are as follow:

	2019 US$	2018 US$
Due from related parties		
Entities under common control/ownership	**9,968,472**	-
Due to a related party		
Entity under common control/ownership	**18,451**	-

Balances with related parties are current, interest-free, unsecured and has no fixed repayment terms.

The Group has determined that the amounts due from related parties do not carry a credit risk and hence no expected or specific loss allowance is required on these balances. In the process of making this determination, the Group has considered the terms underlying these balances, historical default rate, the ability of the related parties to settle these balances when due and the right of set off on a Group basis. The balances due from related parties are repayable on demand and there is no historical default rate. The settlement of the related party balances is managed by the ultimate controlling party.

The following is a summary of transactions with related parties, which are included in the consolidated financial statements:

	2019 US$	2018 US$
Entities under common ownership/control		
Sales	**10,200,563**	-
Sale of subsidiaries (Note 16)	**1,090,616**	-
Service fee paid	**50,000**	50,000

Compensation of key management personnel

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

	2019 US$	2018 US$
Salaries and benefits	**3,766,097**	3,716,393
Long-term benefits	**76,358**	72,112
Management services company fee	**2,500**	2,500
	3,844,955	3,791,005

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

22. General and administrative expenses

	2019 US$	2018 US$
Staff salaries and benefits	**28,788,587**	28,302,690
Rent	**7,086,986**	7,374,494
Bank charges	**6,258,407**	4,650,747
Insurance	**4,896,357**	5,188,990
Software expenses	**3,966,237**	3,509,208
Depreciation of property and equipment	**3,030,033**	3,393,281
Amortisation of intangible assets	**2,875,562**	2,161,047
Communication expenses	**2,036,328**	2,102,251
Consultancy expenses	**1,929,252**	1,384,133
Repair and maintenance	**1,430,691**	1,198,250
Traveling	**1,336,535**	1,455,095
Allowance for slow-moving inventories	**1,136,220**	215,686
Legal and professional charges	**896,434**	789,588
Others	**6,896,304**	5,326,858
	72,563,933	67,052,318

23. Selling and distribution expenses

	2019 US$	2018 US$
Staff salaries and benefits	**42,954,816**	40,889,249
Sales promotion	**13,112,187**	14,496,638
Freight outwards	**3,982,800**	4,192,128
Expected credit losses (2018: allowance for doubtful debts - specific)	**3,358,918**	1,647,245
Traveling	**2,358,627**	2,112,445
Warehousing charges	**1,118,794**	1,483,781
Advertisement	**449,934**	668,059
Others	**1,691,466**	1,679,544
	69,027,542	67,169,089

24. Impairment losses

During the year ended 31 March 2019, Redington Gulf FZE has made its annual impairment assessment of its intangible assets with indefinite useful lives and determined that the assets were impaired. Management has allocated the impairment losses as follows:

	US$
Other intangible assets - Trade name (Note 7)	**7,364,328**
Goodwill [Note 8(a)]	**2,888,672**
	10,253,000

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

25. 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 Stock 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.

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$ 766,622 (2018: 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 2019	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:

	2019	2018
Balance at the beginning of the year	**2,425,000**	-
Add: SAR granted	-	2,425,000
Less:		
- SAR lapsed	**80,000**	-
- SAR exercised	-	-
Balance at end of the year	**2,345,000**	2,425,000

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

26. 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

	2019 US$	2018 US$
Financial assets		
Loans and receivables (including cash and cash equivalents)	**546,221,945**	536,690,064
Derivative financial assets at fair value	**-**	259,816
	546,221,945	536,949,880
Financial liabilities		
At amortised cost	**467,946,815**	496,365,408

(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$
2019				
Financial assets measured at fair value				
Call option	-	-	-	-
2018				
Financial assets measured at fair value				
Call option	-	-	259,816	259,816

Accordingly, call options have been calculated by using 11.43% risk free rate and volatility of 50.82%.

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

27. 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.

(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	
	2019 US$	2018 US$	**2019 US$**	2018 US$
Turkish Lira	**68,532,915**	50,749,257	**74,355,633**	53,784,524
Kuwaiti Dinar	**7,235,350**	9,255,426	**1,745,347**	1,319,902
Kazakhstan Tenge	**510,634**	6,489,050	**91,686**	1,545,907
Egyptian Pound	**11,518,521**	7,617,382	**362,519**	4,538,942
Moroccan Dirham	**2,683,004**	3,723,565	**202,874**	745,900
Nigerian Naira	**2,138,739**	3,219,576	**24,159**	579,494
West African CFA Franc	**4,981,878**	7,670,852	**211,752**	292,201
Kenyan Shilling	**3,130,686**	6,233,153	**956,612**	6,394,168
Uganda Shilling	**813,664**	855,222	**20,181**	161,977
Tanzanian Shillings	**1,107,391**	1,502,735	**28,208**	49,609
Euro	**425,366**	2,650,603	**776,441**	547,530
Indian Rupees	**49,832**	666,384	**90,528**	504,973
Ghanaian Cedi	**177,107**	371,593	**134,129**	48,522
South African Rand	**93,233**	55,131	**117,643**	149,617
Iraqi Dinars	**2,817**	147,076	**-**	-
Libyan Dinar	**16,634**	17,387	**-**	-
Rwandan Franc	**97,103**	111,734	**12,269**	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 2019 (continued)

27. Financial risk management (continued)

(b) Foreign currency sensitivity analysis (continued)

	2019 US$	2018 US$
Profit/(loss)		
Turkish Lira	**582,272**	303,527
Kuwaiti Dinar	**(549,000)**	(793,552)
Kazakhstan Tenge	**(41,895)**	(494,314)
Egyptian Pound	**(1,115,600)**	(307,844)
Moroccan Dirham	**(248,013)**	(297,767)
Nigerian Naira	**(211,458)**	(264,008)
West African CFA Franc	**(477,013)**	(737,865)
Kenyan Shilling	**(217,407)**	16,102
Uganda Shilling	**(79,348)**	(69,325)
Tanzanian Shillings	**(107,918)**	(145,313)
Euro	**35,108**	(210,307)
Indian Rupees	**4,070**	(16,141)
Ghanaian Cedi	**(4,298)**	(32,307)
South African Rand	**2,441**	9,449
Iraqi Dinars	**(282)**	(14,708)
Libyan Dinar	**(1,663)**	(1,739)
Rwandan Franc	**(8,483)**	(9,826)

(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 2019 would decrease/increase by US$ 205,017 (2018: US$ 485,254). 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 2019 (continued)

27. 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.

The Group's current credit risk grading framework comprises the following categories:

Category	**Description**	**Basis for recognising expected credit losses**
Performing	The counterparty has a low risk of default and does not have any past due amounts	Lifetime ECL - not credit-impaired
Doubtful	Amount is >90 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
In default	Amount is >180 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Establishment has no realistic prospect of recovery	Amount is written off

(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.

All of the Group's financial assets and financial liabilities are due to be settled within one year from the reporting date.

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

28. 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:

	2019 US$	2018 US$
Debt	**41,003,349**	97,050,766
Cash and cash equivalents and other financial assets	**(77,237,359)**	(54,781,546)
Net debt	**(36,234,010)**	42,269,220
Equity	**406,523,437**	371,586,213
Net debt to equity ratio	**N/A**	11%

29. Contingencies

	2019 US$	2018 US$
Letters of guarantee	**3,236,658**	1,630,396

Margin deposits are held against letters of guarantee (Note 12).

30. Operating lease arrangements

	2019 US$	2018 US$
Minimum lease payments recognised as expense during the year	**7,086,986**	7,374,494

At the reporting date, the Group has outstanding commitments under non-cancellable operating land lease, which fall due as follows:

	2019 US$	2018 US$
Within one year	**227,719**	227,719
More than one year but less than five years	**910,876**	910,876
More than five years	**683,157**	910,876
	1,821,752	2,049,471

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

31. Dividends

During the year ended 31 March 2019, 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$ 638,886 (2018: US$ 17,058).

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.

32. Reclassifications

In accordance with the requirements of IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, certain items have been corrected retrospectively and accordingly balances in the consolidated statement of profit or loss and other comprehensive income for the prior year ended 31 March 2018, as previously reported have been reclassified to conform with the Parent Company's classification as follows:

	As previously reported US$	Reclassification US$	As reclassified US$
Trading revenue	3,619,828,804	(74,940,739)	3,544,888,065
Cost of sales	3,508,649,206	(74,940,739)	3,433,708,467

33. Approval of consolidated financial statements

The consolidated financial statements for the year ended 31 March 2019 were approved and signed by the Director on 21 May 2019.

Company Registration No. 200503995E

Redington Distribution Pte Ltd and its subsidiaries

Annual Financial Statements
31 March 2019

Building a better
working world

Redington Distribution Pte Ltd and its Subsidiaries

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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 2019.

Opinion of the director

In the opinion of the director,

(i) 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 2019 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
	Ordinary shares	
Holding company - Redington India Limited		
Raj Shankar	594,946	594,946

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
	Ordinary shares	
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

16 May 2019

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 2019, 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 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 2019 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.

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.

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

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

16 May 2019

Statements of Comprehensive Income
For the financial year ended 31 March 2019

	Note	Group		Company	
		2019	2018	2019	2018
		US$	US$	US$	US$
Revenue					
Sale of goods	4	488,061,562	477,581,870	431,517,939	466,669,691
Other income					
Fee income	20	50,000	50,000	50,000	50,000
Interest income		101,306	66,207	96,639	53,622
Miscellaneous income		29,781	2,560	29,146	29,458
		488,242,649	477,700,637	431,693,724	466,802,771
Less: Cost and expenses					
Cost of goods sold		473,130,497	458,452,150	420,259,698	449,212,313
Impairment loss on trade receivables	11	418,978	45,755	371,371	60,742
(Reversal of write-down of inventories)/inventories written down	10	(1,413,386)	3,102,559	(1,447,236)	3,008,141
Depreciation of plant and equipment	7	74,116	35,952	12,182	10,343
Amortisation of intangible asset	8	717	646	–	–
Net exchange differences		227,886	(126,406)	82,358	(210,726)
Director's remuneration	20	682,080	943,513	682,080	943,513
Staff costs					
- Salaries and bonuses		2,713,520	1,904,068	1,079,037	1,299,641
- CPF contributions		102,360	101,081	102,360	101,081
Finance costs		745,532	554,702	574,571	481,505
Other operating expenses		2,760,018	2,494,428	1,821,497	2,062,281
		479,442,318	467,508,448	423,537,918	456,968,834
Profit before tax	5	8,800,331	10,192,189	8,155,806	9,833,937
Income tax expense	6	(1,810,537)	(2,378,967)	(1,655,465)	(2,314,975)
Profit for the year		6,989,794	7,813,222	6,500,341	7,518,962
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation		(120,205)	(26,571)	–	–
Total comprehensive income for the year		6,869,589	7,786,651	6,500,341	7,518,962
Total comprehensive income for the year attributable to owner of the Company		6,869,589	7,786,651	6,500,341	7,518,962

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 2019

	Note	Group 2019 US$	Group 2018 US$	Company 2019 US$	Company 2018 US$
Non-current assets					
Plant and equipment	7	319,050	105,468	13,078	24,010
Intangible assets	8	698	536	–	–
Investment in subsidiaries	9	–	–	1,336,755	301,294
Deferred tax assets	19	120,913	83,309	–	–
		440,661	189,313	1,349,833	325,304
Current assets					
Inventories	10	22,122,624	24,443,234	10,497,347	21,782,344
Trade and other receivables	11	110,258,171	110,035,234	86,407,309	110,110,716
Cash and cash equivalents	12	29,360,396	8,417,279	26,031,245	8,088,819
		161,741,191	142,895,747	122,935,901	139,981,879
Current liabilities					
Trade and other payables	13	99,889,134	96,847,157	73,543,013	94,861,304
Trust receipts	14	10,792,695	–	–	–
Contract liabilities	4	3,764,279	2,669,891	3,542,362	2,669,891
Income tax payable		1,463,088	1,628,999	1,372,659	1,617,153
		115,909,196	101,146,047	78,458,034	99,148,348
Net current assets		45,831,995	41,749,700	44,477,867	40,833,531
Non-current liabilities					
Other payables	13	246,844	18,934	–	–
Warranty provision	15	19,681	25,659	–	–
		266,525	44,593	–	–
		46,006,131	41,894,420	45,827,700	41,158,835
Equity					
Share capital	16	4,000,000	4,000,000	4,000,000	4,000,000
Retained earnings		42,617,459	37,507,665	41,280,576	36,660,235
Other reserve	17	547,124	498,600	547,124	498,600
Merger reserve	18	(926,402)	–	–	–
Foreign currency translation reserve		(232,050)	(111,845)	–	–
		46,006,131	41,894,420	45,827,700	41,158,835

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 2019

	Attributable to owner of the Company					
	Share capital (Note 16)	Retained earnings	Foreign currency translation reserve	Other reserve (Note 17)	Merger reserve (Note 18)	Total
	US$	US$	US$	US$	US$	US$
Group						
Balance at 1 April 2018	4,000,000	37,507,665	(111,845)	498,600	–	41,894,420
Profit for the year	–	6,989,794	–	–	–	6,989,794
Acquisition of subsidiaries under common control	–	–	–	–	(926,402)	(926,402)
Other comprehensive income						
Foreign currency translation	–	–	(120,205)	–	–	(120,205)
Grant of equity-settled share options to employees	–	–	–	48,524	–	48,524
Total comprehensive income for the year	–	6,989,794	(120,205)	48,524	(926,402)	5,991,711
Distribution to owner						
Dividends paid (Note 24)	–	(1,880,000)	–	–	–	(1,880,000)
Balance at 31 March 2019	4,000,000	42,617,459	(232,050)	547,124	(926,402)	46,006,131
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
Other comprehensive income						
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
Distribution to owner						
Dividends paid (Note 24)	–	(2,562,000)	–	–	–	(2,562,000)
Balance at 31 March 2018	4,000,000	37,507,665	(111,845)	498,600	–	41,894,420

Statements of Changes in Equity
For the financial year ended 31 March 2019

Company	Share Capital (Note 16) US$	Retained earnings US$	Other reserve (Note 17) US$	Total US$
	Attributable to owner of the Company			
Balance at 1 April 2018	4,000,000	36,660,235	498,600	41,158,835
Profit for the year	–	6,500,341	–	6,500,341
Other comprehensive income				
Grant of equity-settled share options to employees	–	–	48,524	48,524
Total comprehensive income for the year	–	6,500,341	48,524	6,548,865
Distribution to owner				
Dividends paid (Note 24)	–	(1,880,000)	–	(1,880,000)
Balance at 31 March 2019	4,000,000	41,280,576	547,124	45,827,700
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
Other comprehensive income				
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
Distribution to owner				
Dividends paid (Note 24)	–	(2,562,000)	–	(2,562,000)
Balance at 31 March 2018	4,000,000	36,660,235	498,600	41,158,835

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 2019

	2019 US$	2018 US$
Cash flows from operating activities		
Profit before tax	8,800,331	10,192,189
Adjustments for:		
Depreciation of plant and equipment	74,116	35,952
Amortisation of intangible asset	717	646
Impairment loss on trade receivables	418,978	45,755
(Reversal of write-down of inventories)/inventories written down	(1,413,386)	3,102,559
Grant of equity-settled share options to employees	48,524	17,124
Provision for retirement benefit obligations	5,509	611
(Reversal of)/provision for warranty obligations	(2,704)	5,604
Interest expense	745,532	554,702
Interest income	(101,306)	(66,207)
Currency realignment	(120,394)	(25,406)
Operating profit before changes in working capital	8,455,917	13,863,529
Decrease/(increase) in inventories	3,733,997	(10,274,354)
Increase in trade and other receivables	(628,155)	(24,137,508)
Increase in trade and other payables	14,221,813	18,487,123
Cash generated from/(used in) operating activities	25,783,572	(2,061,210)
Interest received	101,306	66,207
Interest expense	(745,532)	(554,702)
Income tax paid	(2,027,812)	(2,711,467)
Net cash generated from/(used in) operating activities	23,111,534	(5,261,172)
Cash flows from investing activities		
Purchase of plant and equipment and intangible assets	(288,417)	(53,776)
Proceeds from disposal of plant and equipment	–	419
Net cash used in investing activities	(288,417)	(53,357)
Cash flows from financing activities		
Dividends paid on ordinary shares	(1,880,000)	(2,562,000)
Proceeds from short-term borrowings	–	1,646,349
Net cash used in financing activities	(1,880,000)	(915,651)
Net increase/(decrease) in cash and cash equivalents	20,943,117	(6,230,180)
Cash and cash equivalents at 1 April	8,417,279	14,647,459
Cash and cash equivalents at 31 March (Note 12)	29,360,396	8,417,279

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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.

On 2 December 2018, the Company acquired additional two subsidiaries, namely Redington Qatar Distribution WLL and Redington Qatar WLL and the acquisitions are accounted for under the pooling of interests method in the preparation of the consolidated financial statements. Under this method of accounting, where the considerations paid exceeds/is less than the nominal value of the share capital issued, the difference is taken to the merger deficit/reserve.

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 2018, including the amendments to FRS 7 Disclosure Initiative. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

The nature and the impact of FRS 115 Revenue from Contracts with Customers and FRS 109 Financial Instruments are described below:

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers, and introduces a new contract cost guidance. 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 Group has applied the changes in accounting policies on a modified retrospective approach.

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

FRS 115 Revenue from Contracts with Customers *(continued)*

The Group is in the business of sales of computers, computer peripherals and components. The key impact of adopting FRS 115 is detailed as follows:

Variable consideration

For the sales of computers, computer peripherals and components, some contracts with customers provide sales commission to the dealers. Such provisions give rise to variable consideration under FRS 115. The Group previously recognised revenue from the sale of computers, computer peripherals and components measured at the fair value of the consideration received or receivable, net of sales commission. Under FRS 115, variable consideration is estimated and is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty is subsequently resolved. To estimate the variable consideration to which it will be entitled, the Group applied the "most likely amount method". There are no material effect on the financial statements of the Group.

Timing of revenue recognition

Sales of computers, computer peripherals and components are recognised at a point in time when control of the products has transferred, being when the products are delivered to the customers based on the sales incoterms. Delivery occurs when the products have been shipped to the specific location and all criteria for acceptance have been satisfied.

FRS 109 Financial Instruments

On 1 April 2018, the Group adopted FRS 109 *Financial Instruments*, which is effective for annual periods beginning on or after 1 April 2018. The Group applied FRS 109 retrospectively, with an initial application date of 1 April 2018. The Group has not restated comparative information which continues to be reported under FRS 39 and the disclosure requirements of FRS 107 *Financial instruments: Disclosures* relating to items within the scope of FRS 39.

Classification and measurement

FRS 109 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

FRS 109 Financial Instruments *(continued)*

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 April 2018. The assessment of whether contractual cash flows on debt instruments solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The Group's debt instruments have contractual cash flows that are solely payments of principal and interest. There is no significant impact arising from measurement of these instruments under FRS 109.

Impairment

FRS 109 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost, either on a 12-month or lifetime basis. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

Upon adoption of FRS 109, the Group recognised impairment on the trade receivables of US$418,978 as at 31 March 2019. There is no material tax impact to the Group arising from the adoption of FRS 109.

There is no material impact to the retained earnings upon adoption of FRS 109 as at 1 April 2018.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	***Effective for annual periods beginning on or after***
INT FRS 123: *Uncertainty over Income Tax Treatments*	*1 January 2019*
RS 116 Leases	*1 January 2019*
Amendments to FRS 109: Prepayment Features with Negative Compensation	*1 January 2019*
Amendments to FRS 28: Long-term Interests in Associates and Joint Ventures	*1 January 2019*
INT FRS 123 Uncertainty over Income Tax Treatments Illustrative examples	*1 January 2019*
Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	*Date to be determined*

Except for the 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 FRS 116 are described below.

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets. 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 April 2019. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt FRS116 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 April 2019.

On the adoption of FRS 116, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if FRS 116 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 April 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 April 2019.

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply FRS 116 to all contracts that were previously identified as leases
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 April 2019
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

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, surplus before tax 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.

(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.

2. Summary of significant accounting policies (continued)

2.4 Basis of consolidation and business combinations (continued)

(b) Business combinations and goodwill (continued)

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.

(c) Business combinations involving entities under common control

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.
- No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.
- No additional goodwill is recognised as a result of the combination.
- Any difference between the consideration paid/transferred and the equity "acquired" is reflected within the equity as merger reserve.
- The statement of comprehensive income reflects the results of the combining entities only from the acquisition date.

Comparatives are not restated for periods prior to the combination under common control occurring.

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

Asset under construction included in plant and equipment method are not depreciated as these assets are not yet available for use.

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.

2. Summary of significant accounting policies (continued)

2.6 Plant and equipment (continued)

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.

2.7 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.

2. Summary of significant accounting policies (continued)

2.8 Impairment of non-financial assets (continued)

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.

2.9 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.

In the Company's balance sheet, 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.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

2. Summary of significant accounting policies (continued)

2.10 Financial instruments (continued)

(a) Financial assets *(continued)*

Subsequent measurement

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition 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 for debt instruments 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.

2. Summary of significant accounting policies (continued)

2.11 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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.

2.13 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. Summary of significant accounting policies (continued)

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.

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.

2. Summary of significant accounting policies (continued)

2.15 Employee benefits (continued)

Employee share option plans (continued)

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 measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good to the customer, which is when the customer obtains control of the goods. A performance obligation is satisfied at a point in time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Sale of computers, computer peripherals and components

The Group supplies computers, computer peripherals and components for external customers.

Revenue is recognised at a point in time when control of the products has transferred, being when the products are delivered to the customers based on the sales incoterms. Delivery occurs when the products have been shipped to the specific location and all criteria for acceptance have been satisfied. The goods are often sold with retrospective sales commissions based on the aggregate sales over a period of time.

The Group recognises the expected sales commissions payable to the dealers when consideration have been received from customers. At the end of each reporting date, the Group updates its assessment of the estimated transaction price, including its assessment of whether an estimate of variable consideration is constrained. The corresponding amounts are adjusted against revenue in the period in which the transaction price changes.

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.

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 the Group's financial statements requires the local agent to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, and disclosures of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods. The local agent are of the opinion that there is no significant judgment made in applying accounting policies and no estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements.

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for various customers that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

3. Significant accounting judgments and estimates (continued)

Provision for expected credit losses of trade receivables *(continued)*

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The carrying amount of trade receivables of the Group and the Company as at 31 March 2019 are US$106,746,351 and US$83,142,097 (2018: US$106,389,960 and US$106,525,676) respectively.

4. Sales of goods

(a) Disaggregation of revenue

Segments	**Group**	
	2019	**2018**
	US$	US$
Major product or service lines		
Sales of goods	488,061,562	477,581,870
Timing of transfer of goods		
At a point in time	488,061,562	477,581,870

Segments	**Company**	
	2019	**2018**
	US$	US$
Major product or service lines		
Sales of goods	431,517,939	466,669,691
Timing of transfer of goods		
At a point in time	431,517,939	466,669,691

4. Sales of goods (continued)

(b) Contract liabilities

Information about receivables and contract liabilities from contracts with customers is disclosed as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	US$	US$	US$	US$
Receivables from contracts with customers	106,746,351	106,389,960	83,142,097	106,525,676
Contract liabilities	3,764,279	2,669,891	3,542,362	2,669,891

The Group and the Company have recognised impairment losses on receivables arising from contracts with customers amounting to US$418,978 and US$371,371 (2018: US$45,755 and US$60,742) respectively.

Contract liabilities primarily relate to the Group's and Company's obligation to transfer goods to customers for which the Group and the Company have received advances from customers.

Contract liabilities are recognised as revenue as the Group and the Company perform under the contract.

5. Profit before tax

The following items have been included in arriving at profit before tax:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	US$	US$	US$	US$
Impairment loss on trade receivables (Note 11)	418,978	45,755	371,371	60,742
(Reversal of write-down of inventories)/inventories written down (Note 10)	(1,413,386)	3,102,559	(1,447,236)	3,008,141
Depreciation of plant and equipment (Note 7)	74,116	35,952	12,182	10,343
Amortisation of intangible asset (Note 8)	717	646	–	–
Operating lease expense (Note 21)	526,495	392,888	262,272	275,897
Bank charges	332,310	435,477	241,472	422,086

6. Income tax expense

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 March 2019 and 2018 are:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	US$	US$	US$	US$
Statements of Comprehensive Income:				
Current income tax: -				
- Current year	1,563,800	1,788,877	1,354,540	1,633,051
- (Over)/under provision in respect of previous years	(5,913)	3,359	–	–
- Withholding tax	300,925	668,297	300,925	681,924
	1,858,812	2,460,533	1,655,465	2,314,975
Deferred income tax: -				
- Origination and reversal of temporary differences	(48,275)	(81,566)	–	–
	(48,275)	(81,566)	–	–
	1,810,537	2,378,967	1,655,465	2,314,975

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 2019 and 2018 is as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	US$	US$	US$	US$
Profit before tax	8,800,331	10,192,189	8,155,806	9,833,937
Tax at domestic rates	1,547,856	1,827,595	1,386,487	1,671,769
Adjustments:				
Non-deductible expenses	62,712	6,068	6,617	6,068
Income not subject to taxation	(50,186)	(90,973)	–	(9,407)
(Over)/under provision in respect of previous years	(5,913)	3,359	–	–
Effect of partial tax exemption and tax relief	(59,778)	(54,802)	(53,764)	(54,802)
Withholding tax	300,925	668,297	300,925	681,924
Deferred tax assets not recognised	16,985	15,295	16,985	15,295
Others	(2,064)	4,128	(1,785)	4,128
Income tax expense	1,810,537	2,378,967	1,655,465	2,314,975

7. Plant and equipment

Group	Computer US$	Furniture and equipment US$	Motor vehicle US$	Capital Work-in-progress US$	Total US$
Cost					
At 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 and 1 April 2018	180,035	112,144	–	–	292,179
Additions	54,604	55,152	–	23,079	132,835
Transferred from common control entities	104,006	457,552	85,129	–	646,687
Disposals	(4,039)	(11,450)	(33,515)	–	(49,004)
Exchange differences	(5,401)	(5,912)	–	–	(11,313)
At 31 March 2019	329,205	607,486	51,614	23,079	1,011,384
Accumulated depreciation					
At 1 April 2017	119,271	35,168	–	–	154,439
Depreciation charge for the financial year (Note 5)	16,845	19,107	–	–	35,952
Disposals	(1,505)	–	–	–	(1,505)
Exchange differences	(1,175)	(1,000)	–	–	(2,175)
At 31 March 2018 and 1 April 2018	133,436	53,275	–	–	186,711
Depreciation charge for the financial year (Note 5)	27,307	46,809	–	–	74,116
Transferred from common control entities	91,941	311,007	85,129	–	488,077
Disposals	(87)	(11,450)	(33,515)	–	(45,052)
Exchange differences	(7,518)	(4,000)	–	–	(11,518)
At 31 March 2019	245,079	395,641	51,614	–	692,334
Net carrying amount:					
At 31 March 2019	84,126	211,845	–	23,079	319,050
At 31 March 2018	46,599	58,869	–	–	105,468

7. Plant and equipment (continued)

Company	Computer US$	Furniture and equipment US$	Total US$
Cost			
At 1 April 2017	109,924	11,725	121,649
Additions	4,091	2,273	6,364
At 31 March 2018 and 1 April 2018	114,015	13,998	128,013
Additions	–	1,250	1,250
At 31 March 2019	114,015	15,248	129,263
Accumulated depreciation			
At 1 April 2017	85,302	8,358	93,660
Depreciation charge for the financial year (Note 5)	7,838	2,505	10,343
At 31 March 2018 and 1 April 2018	93,140	10,863	104,003
Depreciation charge for the financial year (Note 5)	11,594	588	12,182
At 31 March 2019	104,734	11,451	116,185
Net carrying amount:			
At 31 March 2019	9,281	3,797	13,078
At 31 March 2018	20,875	3,135	24,010

8. Intangible assets

Group	Computer software US$
Cost	
At 1 April 2017	27,697
Exchange differences	(702)
At 31 March 2018 and 1 April 2018	26,995
Transferred from common control entities	2,044
Exchange differences	(2,993)
At 31 March 2019	26,046
Accumulated amortisation	
At 1 April 2017	26,487
Amortisation charge for the financial year (Note 5)	646
Exchange differences	(674)
At 31 March 2018 and 1 April 2018	26,459
Transferred from common control entities	1,120
Amortisation charge for the financial year (Note 5)	717
Exchange differences	(2,948)
At 31 March 2019	25,348
Net carrying amount:	
At 31 March 2019	698
At 31 March 2018	536

Intangible assets relate to cost incurred on computer software. This is amortised on a straight-line basis over 5 years.

9. Investment in subsidiaries

Name of Company (Country of incorporation	Principal activities (Place of business)	Cost of investment 2019 US$	2018 US$	Proportion of ownership interest 2019 %	2018 %
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
Redington Qatar Distribution WLL (Qatar)*	Wholesale distribution of information technology products and spare parts (Qatar)	545,008	–	49	–
Redington Qatar WLL (Qatar)*	Servicing of information technology products (Qatar)	490,453	–	49	–
		1,336,755	301,294		

* Beneficial interest is 100%

Combination among businesses under common control

On 2 December 2018, the Company acquired Redington Qatar Distribution WLL and Redington Qatar WLL for a cash consideration of US$545,008 and US$490,453 respectively.

The details of assets and liabilities acquired as a part of business acquisition are as follows:

Particulars	US$
Plant and equipment (including Intangibles)	159,534
Inventories	3,298,542
Cash and cash equivalents	599,341
Prepaid expenses	80,946
Sundry receivables	7,270,574
Advances	113,814
Trade and other payables	(9,472,326)
Trust receipts	(1,115,526)
Provisions	(825,840)
Excess of consideration paid over net assets acquired (Reflected in merger reserve)	(926,402)

9. Investment in subsidiaries (continued)

Combination among businesses under common control (continued)

The above business acquisition of Redington Qatar Distribution WLL and Redington Qatar WLL does not meet the definition of a 'Business Combination' under FRS 103 since it does not result in any change of economic substance as far as shareholders of Redington Qatar Distribution WLL and Redington Qatar WLL are concerned. This transaction is a business combination involving entities under common control and accordingly, the Group has applied the pooling of interest method.

The assets and liabilities of Redington Qatar Distribution WLL and Redington Qatar WLL acquired as at 2 December 2018 have been recorded at book values and the difference between the consideration paid and net assets of the business acquired is reflected within merger reserve.

10. Inventories

	Group		Company	
	2019	2018	2019	2018
	US$	US$	US$	US$
Balance sheet:				
Finished goods (at cost or net realisable value)	22,122,624	24,443,234	10,497,347	21,782,344
Income statement:				
Inventories recognised as an expense in cost of sales	473,130,497	458,452,150	420,259,698	449,212,313
Inclusive of the following charge:				
- (Reversal of write-down of inventories)/ inventories written down (Note 5)	(1,413,386)	3,102,559	(1,447,236)	3,008,141

11. Trade and other receivables

	Group 2019 US$	Group 2018 US$	Company 2019 US$	Company 2018 US$
Trade and other receivables				
Trade receivables:				
- External	106,670,507	106,375,510	79,424,586	101,272,219
- Amount due from holding company	13,030	14,450	13,030	14,450
- Amount due from related company	62,814	–	–	–
- Amount due from subsidiaries	–	–	3,704,481	5,242,007
Total trade receivables	106,746,351	106,389,960	83,142,097	106,525,676
Other receivables				
Deposits	191,702	127,245	70,433	83,320
Staff loan	13,070	10,345	878	1,006
GST receivables	3,045,835	3,386,061	3,045,835	3,386,061
Sundry receivables	54,119	121,623	50,191	111,653
Prepayments	207,094	–	97,875	–
Total trade and other receivables	110,258,171	110,035,234	86,407,309	110,110,716
Less: GST receivables	(3,045,835)	(3,386,061)	(3,045,835)	(3,386,061)
Prepayments	(207,094)	–	(97,875)	–
	107,005,242	106,649,173	83,263,599	106,724,655
Cash and cash equivalents (Note 12)	29,360,396	8,417,279	26,031,245	8,088,819
Total financial assets carried at amortised cost	136,365,638	115,066,452	109,294,844	114,813,474

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days terms (2018: 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$462,060 (2018: US$1,136,400) for a three-year instalment payment on equal quarterly basis. The Company retains the right to recall the amount due from them on demand.

11. Trade and other receivables (continued)

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to US$22,036,869 and US$14,603,433 respectively as at 31 March 2018 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 2018 US$	**Company 2018** US$
Trade receivables past due:		
Lesser than 30 days	15,042,483	27,923,623
30 to 60 days	4,003,572	964,169
61 to 90 days	409,539	426,327
91 to 120 days	185,160	1,422,383
More than 120 days	2,396,115	2,570,060
	22,036,869	14,603,433

Receivables that are impaired

The Group's and the Company'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**
	Individually impaired 2018 US$	**Individually impaired 2018** US$
Trade receivables		
- nominal amounts	5,760,197	5,531,455
Less: Allowance for impairment	(3,833,981)	(3,611,958)
	1,926,216	1,919,497
Movement in allowance accounts:		
Beginning balance	3,794,316	3,551,216
Charge for the financial year (Note 5)	45,755	60,742
Exchange differences	(6,090)	–
Ending balance	3,833,981	3,611,958

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.

11. Trade and other receivables (continued)

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Group 2019	Company 2019
	US$	US$
Movement in allowance accounts:		
At 1 April	3,833,981	3,611,958
Charge for the year (Note 5)	418,978	371,371
Exchange differences	(11,026)	–
At 31 March	4,241,933	3,983,329

12. Cash and cash equivalents

Cash and cash equivalents included in the consolidated cash flow statement comprise the following balance sheet amounts:

	Group		Company	
	2019	2018	2019	2018
	US$	US$	US$	US$
Fixed deposits	95,697	56,358	38,289	–
Cash and bank balances	29,264,699	8,360,921	25,992,956	8,088,819
	29,360,396	8,417,279	26,031,245	8,088,819

The fixed deposits include amount denominated in Taka 4,738,374 (2018: Taka 4,684,725) which earn interest at rates of 2.50% per annum (2018: 1.50% per annum) during the financial year.

No fixed deposits have been pledged as a performance guarantee to suppliers (2018: Nil).

13. Trade and other payables

	Group		Company	
	2019	**2018**	**2019**	**2018**
	US$	US$	US$	US$
Non-current:				
Other payables	246,844	18,934	–	–
Current:				
Trade payables				
- External	83,677,505	92,181,696	67,703,192	90,643,273
- Amount due to a related company	10,012,635	–	1,091,107	–
Amount due to an external party	2,269,844	2,142,272	2,269,844	2,142,272
Accrued operating expenses	3,393,194	2,252,911	2,478,870	2,075,759
Other payables	535,956	270,278	–	–
Total trade payables (current)	99,889,134	96,847,157	73,543,013	94,861,304
Total trade and other payables, representing total financial liabilities carried at amortised cost	100,135,978	96,866,091	73,543,013	94,861,304

Trade payables/other payables

These amounts are non-interest bearing. These are normally settled within 90 days.

Amount due to an external party

The Company has agreed on an instalment payment arrangement with an external party amounting to US$2,269,844 (2018: US$2,142,272) 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. Trust receipts

	Group	
	2019	**2018**
	US$	US$
Current:		
Trust receipts	10,792,695	–

Trust receipts bear interest range from 4.09% to 15% and are secured by corporate guarantee from a related company or pari passu charge on current assets.

15. Warranty provision

	Group	
	2019	**2018**
	US$	US$
At 1 April 2017	25,659	20,576
(Reversal)/Charge during the financial year	(2,704)	5,604
Exchange differences	(3,274)	(521)
	19,681	25,659

16. Share capital

	Group and Company	
	2019	**2018**
	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.

17. Other reserve

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	
	2019	**2018**
	US$	US$
At 1 April	498,600	481,476
Granted	48,524	17,124
At 31 March	547,124	498,600

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 2019 and 31 March 2018.

17. 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$48,524 (2018: 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

		30 December	
	2018	**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

18. Merger reserve

Merger reserve represents the difference between the considerations paid exceeds/is less than the nominal value of the share capital issued in respect of the acquisition of subsidiaries accounted for under pooling-of-interest method.

19. Deferred tax assets

Deferred tax as at 31 March relates to the following:

	Group	
	2019	**2018**
	US$	US$
Deferred tax assets:		
Provisions	120,913	83,309

20. 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	
	2019	**2018**	**2019**	**2018**
	US$	US$	US$	US$
Holding company: -				
- Sales	–	1,464,129	–	1,464,129
- Purchases	–	(81,843)	–	(81,843)
- Service Charges	(57,464)	(43,444)	(57,464)	(43,444)
Related companies: -				
- Fee Income	50,000	50,000	50,000	50,000
- Sales	83,650	–	–	–
- Purchases	(10,356,618)	–	–	–
- Service Charges	(139,810)	–	(139,810)	–
Subsidiary companies: -				
- Sales	–	–	13,496,490	13,093,577
- Service charges	–	–	(399,210)	(308,135)

The above transactions are at rates agreed between the parties.

20. Related party transactions (continued)

(b) *Compensation of key management personnel*

	Group		Company	
	2019	2018	2019	2018
	US$	US$	US$	US$
Short term employee benefit	675,182	933,769	675,182	933,769
Contributions to defined contribution schemes	6,898	9,744	6,898	9,744
	682,080	943,513	682,080	943,513
Comprise amount paid to:				
- Director of the Company	682,080	943,513	682,080	943,513

21. Commitments

Operating lease commitments – as lessee

The Group and the Company have entered into commercial leases on office premises and warehouse. These leases have tenure of three years with renewal option included in the contracts. The Group and the Company are restricted from subleasing the leased office and warehouse to third parties.

Minimum lease payments recognised as an expense in profit or loss of the Group and the Company for the financial year ended 31 March 2019 amounted to US$526,495 (2018: US$392,888) and US$262,272 (2018: US$275,897) respectively.

Future minimum rental payable under operating leases at the end of the reporting period are as follows:

	Group		Company	
	2019	2018	2019	2018
	US$	US$	US$	US$
Not later than one year	641,477	360,692	152,271	261,165
Later than one year but not later than five years	553,580	251,254	45,935	209,135
	1,195,057	611,946	198,206	470,300

22. 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.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

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 with high credit rating. 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.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

22. Financial risk management objectives and policies (continued)

Credit risk (continued)

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by customers. The expected credit losses also incorporate forward looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

Information regarding loss allowance movement of trade receivables is disclosed in Note 11.

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	
	2019	**2018**
	US$	US$
By country:		
India	60,954,232	90,369,000
Sri Lanka	10,188,325	7,234,132
Bangladesh	5,109,129	4,956,505
Qatar	17,837,287	–
Other countries	16,899,311	7,664,304
	110,988,284	110,223,941

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.

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.

22. Financial risk management objectives and policies (continued)

Liquidity risk (cont'd)

Group 2019	One year or less US$	Total US$
Financial assets:		
Trade and other receivables, excluding GST receivables and prepayments (Note 11)	107,005,242	107,005,242
Cash and cash equivalents (Note 12)	29,360,396	29,360,396
Total undiscounted financial assets	136,365,638	136,365,638
Financial liabilities:		
Trade and other payables (Note 13)	100,135,978	100,135,978
Trust receipts (Note 14)	10,792,695	10,792,695
Total undiscounted financial liabilities	110,928,673	110,928,673
Total net undiscounted financial assets	25,436,965	25,436,965

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)	96,866,091	96,866,091
Total undiscounted financial liabilities	96,866,091	96,866,091
Total net undiscounted financial assets	18,200,361	18,200,361

22. Financial risk management objectives and policies (continued)

Liquidity risk (cont'd)

Company 2019	**One year or less** US$	**Total** US$
Financial assets:		
Trade and other receivables, excluding GST receivables and prepayments (Note 11)	83,263,599	83,263,599
Cash and cash equivalents (Note 12)	26,031,245	26,031,245
Total undiscounted financial assets	109,294,844	109,294,844
Financial liabilities:		
Trade and other payables (Note 13)	73,543,013	73,543,013
Total undiscounted financial liabilities	73,543,013	73,543,013
Total net undiscounted financial assets	35,751,831	35,751,831

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
Total undiscounted financial assets	114,813,474	114,813,474
Financial liabilities:		
Trade and other payables (Note 13)	94,861,304	94,861,304
Total undiscounted financial liabilities	94,861,304	94,861,304
Total net undiscounted financial assets	19,952,170	19,952,170

23. 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 2019 and 31 March 2018.

24. Dividends on ordinary shares

	Group	
	2019	**2018**
	US$	US$
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 2018: 49.47 cents (2017: 67.42 cents) per share	1,880,000	2,562,000

25. Authorisation of financial statements

The financial statements for the financial year ended 31 March 2019 were authorised for issue in accordance with a resolution of the director on 16 May 2019.

Redington Bangladesh Limited

Auditor's Report and Financial Statements

for the year ended 31 March 2019

S. F. AHMED & CO.
Chartered Accountants

(Member Firm of HLB International)

House # 51 (2nd Floor), Road # 09, Block # F, Banani, Dhaka-1213.

Redington Bangladesh Limited

Auditor's Report and Financial Statements
for the year ended 31 March 2019

S. F. AHMED & CO.
Chartered Accountants ….since 1958
Member Firm of HLB International

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS
of
Redington Bangladesh Limited

Opinion

We have audited the financial statements of Redington Bangladesh Limited (the Company), which comprise the statement of financial position as at 31 March 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirement that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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.

S. F. AHMED & CO.

Continued:

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, we also report the following:

a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

S. F. AHMED & CO.

S. F. Ahmed & Co.

Dated, Dhaka;
02 May 2019

S. F. Ahmed & Co.
Chartered Accountants

REDINGTON BANGLADESH LIMITED
Statement of Financial Position
as at 31 March 2019

	Notes	Amount in Taka 2019	Amount in Taka 2018
ASSETS			
Non-current assets			
Property, plant and equipment (at cost less accumulated depreciation)	4	**3,301,855**	**3,279,635**
Current assets		**14,099,656**	**9,455,037**
Security deposits	5	900,000	900,000
Cash and bank balances	6	1,882,658	2,460,209
Advance income tax	7	1,135,767	176,032
Accrued interest income	8	66,857	4,011
Accounts receivable		5,376,000	1,230,000
Investment in FDR	9	4,738,374	4,684,785
Total assets		**17,401,511**	**12,734,671**
EQUITY AND LIABILITIES			
Equity		**6,806,324**	**5,982,959**
Share capital	3	3,000,000	3,000,000
Retained earnings		3,806,324	2,982,959
Current Liabilities		**10,595,187**	**6,751,712**
Provision for income tax	10	402,141	359,305
Provision for expenses	11	10,013,997	6,392,407
Other liabilities		179,049	-
Total equity and liabilities		**17,401,511**	**12,734,671**

The accompanying notes form an integral part of this financial statement and are to be read in conjunction therewith.

Director **Director**

Signed in terms of our separate report of even date annexed.

S. F. Ahmed & Co.

Dated, Dhaka;
02 May 2019

S. F. Ahmed & Co.
Chartered Accountants

REDINGTON BANGLADESH LIMITED
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 March 2019

	Notes	Amount in Taka 2019	Amount in Taka 2018
Income	12	33,156,534	25,227,952
Cost of sales		-	-
Gross profit		33,156,534	25,227,952
Administrative expenses	14	(31,211,496)	(24,464,793)
Interest income on FDR	13	122,389	29,737
Net profit/(loss) for the year before tax		**2,067,428**	**792,896**
Income tax expenses		(1,244,063)	(10,408)
Net profit/(loss) for the year		**823,365**	**782,488**

The accompanying notes form an integral part of this financial statement and are to be read in conjunction therewith.

Director **Director**

Signed in terms of our separate report of even date annexed.

S. F. Ahmed & Co.

Dated, Dhaka;
02 May 2019

S. F. Ahmed & Co.
Chartered Accountants

REDINGTON BANGLADESH LIMITED
Statement of Changes in Equity
for the year ended 31 March 2019

Amount in Taka

Particulars	Share Capital	Reserve	Retained Earnings	Total Equity
Balance as on 01 April 2017	**3,000,000**	**-**	**2,200,471**	**5,200,471**
Net profit/(loss) for the year	-	-	782,488	782,488
Balance as on 31 March 2018	**3,000,000**	**-**	**2,982,959**	**5,982,959**
Balance as on 01 April 2018	**3,000,000**	**-**	**2,982,959**	**5,982,959**
Net profit/(loss) for the year	-	-	823,365	823,365
Balance as on 31 March 2019	**3,000,000**	**-**	**3,806,324**	**6,806,323**

Director **Director**

Signed in terms of our separate report of even date annexed.

S. F. AHMED & CO.

S. F. Ahmed & Co.

Dated, Dhaka;
02 May 2019

S. F. Ahmed & Co.
Chartered Accountants

REDINGTON BANGLADESH LIMITED
Statement of Cash Flows
for the year ended 31 March 2019

	Notes	Amount in Taka 2019	Amount in Taka 2018
A. Cash from operating activities			
Fee income received		27,780,534	23,997,952
Received against last year receivable		1,230,000	1,461,500
Other received		179,049	-
Payment for administration expenses		(20,719,218)	(17,648,660)
Payment against previous year's payable		(6,392,407)	(5,206,983)
Advance income tax paid		(953,781)	-
Income tax expenses paid		(1,201,227)	-
Net cash generated from operating activities (Total of "A"):		**(77,050)**	**2,603,809**
B. Cash from investing activities			
Addition of fixed assets		(500,500)	(1,827,348)
Net cash used in investing activities (Total of "B"):		**(500,500)**	**(1,827,348)**
C. Cash from financing activities			
Loan provided to employee		-	-
Increase investment in FDR		-	-
Net cash generated from financing activities (Total of "C"):		**-**	**-**
Net increase/(decrease) in cash & cash equivalents during the year (A+B+C):		**(577,550)**	**776,462**
Opening balance of cash & cash equivalents		**2,460,209**	**1,683,747**
Closing balance of cash & cash equivalents	6	**1,882,658**	**2,460,209**

The accompanying notes form an integral part of this financial statement and are to be read in conjunction therewith.

Director **Director**

Signed in terms of our separate report of even date annexed.

S. F. AHMED & CO.

S. F. Ahmed & Co.

Dated, Dhaka;
02 May 2019

S. F. Ahmed & Co.
Chartered Accountants

REDINGTON BANGLADESH LIMITED
Notes to the Financial Statements
for the year ended 31 March 2019

1. Status and nature of business

1.1 Legal status of the company

Redington Bangladesh Limited owned by two foreign shareholders is a private limited company incorporated in Bangladesh under Companies Act, 1994 (Act XVIII of 1994), on 06 April 2003 vide registration No. C-48812 (796)/2003. The registered office of the company is situated at Ahmed Tower (15^{th} Floor), 28/30, Kemal Ataturk Avenue, Banani, Dhaka-1213.

1.2 Nature of business

The company has been incorporated for business of all types of Information Technology (IT) products including carrying out the business of repair/maintenance of IT products, such as, computer by setting up company's own facility or otherwise and provision of other IT related services, such as, development of software, customization and implementation of software services.

2. Significant accounting policies

2.1 Accounting basis

Accounts of the company are prepared on a going concern basis under historical cost convention, and in accordance with Bangladesh Accounting Standards, including the ones so far adopted by the Institute of Chartered Accountants of Bangladesh. Wherever appropriate, such principles are explained in succeeding notes.

2.2 Revenue recognition

Revenues are recognized only when the company is entitled to receive the fee income.

2.3 Statement of Cash Flows

Statement of Cash Flows is prepared in accordance with the requirements of BAS-7 "Statement of Cash Flows" under direct method.

2.4 Provision for expenses

While the provision for certain charges and known liabilities are made at the balance sheet date based on estimate, the difference arising therefrom on receipts of bills/ demands and/ or actual payments is adjusted in the subsequent year when such liabilities are settled.

2.5 Transactions in foreign currencies

Transactions in foreign currencies are translated into Bangladesh Taka at the exchange rates prevailing on the respective dates of transactions.

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2.6 Non-current assets

Non-current assets are recorded at historical cost less accumulated depreciation. Assets are depreciated on reducing balance method using the following:

Category of assets	Rate of depreciation
Furniture and fixtures	10%
Civil works and interiors	10%
Computer and accessories	25%
Office equipment	20%

2.7 Integral components of the financial statements

(i) Statement of Financial Position as at 31 March 2019.
(ii) Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 March 2019.
(iii) Statement of Changes in Equity for the year ended 31 March 2019.
(iv) Statement of Cash Flows for the year ended 31 March 2019.
(v) Notes to the Financial Statements for the year ended 31 March 2019.

3. Share capital

		Amount in Taka	
		2019	2018
3.1	**Authorized**		
	1,000 ordinary shares of Taka 10,000 each	10,000,000	10,000,000
3.2	**Issued, subscribed and paid up**		
	300 ordinary shares of Taka 10,000 each	3,000,000	3,000,000

3.3	**Shareholders' position**		
	Redington Distribution Private Ltd. (incorporated in Singapore)	297	297
	Redington Gulf FZE (incorporated in UAE)	3	3
		300	**300**

4. Non-current assets

Sl. No.	Types of asset	Amount in Taka									
		Cost				Rate (%)	Depreciation				Written down value at 31 March 2019
		Opening balance at 01 April 2018	Addition during the year	Disposal during the year	Closing balance at 31 March 2019		Opening balance at 01 April 2018	Charged during the year	Disposal during the year	Closing balance at 31 March 2019	
1	Furniture and fixtures	1,372,218	-	-	1,372,218	10	471,209	90,101	-	561,310	810,908
2	Civil works and interiors	1,293,511	-	-	1,293,511	10	118,572	117,494	-	236,066	1,057,445
3	Computer and accessories	1,351,370	500,500	-	1,851,870	25	797,244	205,729	-	1,002,973	848,897
4	Office equipment	834,560	-	-	834,560	20	184,999	64,956	-	249,955	584,605
Balance as at 31 March 2019		**4,851,659**	**500,500**	**-**	**5,352,159**		**1,572,024**	**478,280**	**-**	**2,050,304**	**3,301,855**
Balance as at 31 March 2018		**1,817,200**	**3,034,459**	**-**	**4,851,659**		**1,147,054**	**424,970**	**-**	**1,572,024**	**3,279,635**

		Amount in Taka	
		2019	2018
5. Security deposits			
Security deposits for office rent		900,000	900,000
Security deposits for telephone		-	-
	Total:	**900,000**	**900,000**
6. Cash and bank balances			
Cash in hand		-	-
Cash at bank		1,882,658	2,460,209
	Total:	**1,882,658**	**2,460,209**
7. Advance income tax			
Opening balance		176,032	173,460
Add: TDS deducted by Bank		953,781	-
Add: TDS against interest on FDR (Note- 7.1)		5,954	2,572
	Total:	**1,135,767**	**176,032**
7.1 TDS against interest on FDR			
TDS on interest received during the year		5,954	2,572
	Total:	**5,954**	**2,572**
8. Accrued interest income			
Opening balance		4,011	4,205
Add: Addition during the year		66,857	4,011
Less: Adjustment during the year		4,011	4,205
	Total:	**66,857**	**4,011**
9. Investment in FDR			
Principal amount at the beginning of the year		4,684,785	4,657,427
Add: Interest realised during the year		53,589	27,358
	Total:	**4,738,374**	**4,684,785**

The above FDR is made with Dhaka Branch of Hong Kong and Shanghai Banking Corporation Ltd., vide Account No. 001-020353-101.

10. Provision for income tax			
Opening balance		359,305	348,897
Add: Provision made during the year		42,836	10,408
Less: Adjustment made during the year		-	-
	Total:	**402,141**	**359,305**

Provision for income tax on operational income has not been made as the income of the company is exempted from tax liability in accordance with Section 44(1) of Chapter-VI and Paragraph-33, Part A of 6th Schedule of the Income Tax Ordinance 1984.

11. Provision for expenses			
Opening balance		6,392,407	5,414,956
Add: Provision made during the year (Note-11.1)		10,013,997	6,184,434
Less: Adjustment made during the year		6,392,407	5,206,983
	Total:	**10,013,997**	**6,392,407**

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		Amount in Taka	
		2019	**2018**
11.1	**Provision made during the year**		
	Salary-March, 2019	386,428	-
	Vehicle rent-March, 2018	-	32,000
	Audit fees	517,500	517,500
	Bonus	6,533,652	3,166,480
	Utilities	-	15,000
	Professional fees	1,460,000	884,000
	TDS and VDS payable	999,839	1,428,854
	License & renewal	116,578	140,600
	Total:	**10,013,997**	**6,184,434**
12.	**Income**		
	Fee income from Redington Distribution Pte. Ltd. (Note 12.1)	33,156,534	25,227,952
	Total:	**33,156,534**	**25,227,952**

12.1 Fee income represents the income of Redington Bangladesh Limited against the services rendered on behalf of Redington Distribution Pte. Ltd.

13.	**Interest income on F.D.R.**	122,389	29,737
	Total:	**122,389**	**29,737**
14.	**Administrative expenses**		
	Salaries	18,176,444	11,959,428
	Incentive bonus	4,228,464	3,416,080
	Festival bonus	612,033	26,500
	Office rent	2,160,000	2,822,928
	License renewal	-	140,600
	Postage and courier	40,569	50,925
	Bank charge	6,495	5,575
	Entertainment	470,344	416,554
	Utilities	262,229	232,782
	Telephone	-	10,598
	Office expenses	13,900	-
	Travelling	811,415	880,548
	Audit fees	517,500	517,500
	Depreciation	478,280	424,970
	Miscellaneous	58,640	61,279
	Professional fees	576,000	1,380,000
	Fuel expenses	-	168,285
	Internet bill	176,683	182,833
	Mobile bill	357,100	338,755
	Conveyance	626,983	287,309
	Medical bill	160,002	96,434
	Office supplies	20,000	-
	Printing and stationery	243,420	212,244
	Business development expenses	-	41,400
	Training	239,178	123,766
	Annual return filling	-	667,500
	Licence and renewals	(24,022)	-
	TDS and VDS	999,839	-
	Total:	**31,211,496**	**24,464,793**

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15. General

i) Figures shown in the accounts have been rounded off to the nearest Taka;

ii) Previous year figures have been re-arranged where necessary to conform to current year's

iii) There were no material events occurring after the Balance Sheet date, which could affect the transactions of the Financial Statements;

iv) All shares have been fully called up and paid up;

v) There was no Contingent Liability.

Director **Director**

S. F. AHMED & CO.

REDINGTON SL (PRIVATE) LIMITED

FINANCIAL STATEMENTS TOGETHER WITH AUDITOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2019

SJMS Associates
Chartered Accountants
No.11, Castle Lane
Colombo 04
Sri Lanka

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF REDINGTON SL (PRIVATE) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Redington SL (Private) Limited ("the Company"), which comprise the statement of financial position as at 31 March 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements of the Code of Ethics issued by CA Sri Lanka ("Code of Ethics") that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. 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 the other information. The other information comprises the information included in the Directors report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. At the date of this auditor's report, other information was not made available to us.

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. As we have not been provided other information, we have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Deloitte.

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 SLAuSs 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 SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements
As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

SJMS Associates
Chartered Accountants
Colombo
3 May 2019

REDINGTON SL (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2018/2019 LKR	2017/2018 LKR
Revenue	4	4,713,816,770	3,718,810,703
Cost of sales		(4,506,803,437)	(3,512,107,072)
Gross profit		207,013,333	206,703,631
Other income	5	123,866,760	60,197,331
Operating expenses			
Administrative expenses		(56,935,148)	(68,872,453)
Distribution expenses		(116,337,810)	(95,006,260)
Other expenses		(48,199,986)	(31,294,433)
Operating profit		109,407,149	71,727,816
Finance expenses	6	(23,885,685)	(13,402,992)
Profit before tax	7	85,521,464	58,324,824
Income tax expense	8	(21,440,744)	(9,893,562)
Profit for the year		64,080,720	48,431,262
Other comprehensive income		-	-
Total comprehensive income		64,080,720	48,431,262

The accounting policies and notes from 1 to 26 form an integral part of these financial statements.

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Tel:0115 444 400
CHARTERED ACCOUNTANTS

REDINGTON SL (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	31.03.2019 LKR	31.03.2018 LKR
Assets			
Non-current assets			
Property and equipment	9	6,248,042	6,535,840
Intangible assets	10	-	83,410
Deferred tax asset	11	21,159,799	12,962,844
		27,407,841	19,582,094
Current assets			
Inventories	12	283,882,504	414,034,527
Trade and other receivables	13	1,526,940,042	796,565,730
Deposits, advances and prepayments		7,405,650	6,694,101
Cash in hand and at bank	15	46,565,313	37,733,873
		1,864,793,509	1,255,028,231
Total assets		1,892,201,350	1,274,610,325
Equity and liabilities			
Capital and reserves			
Stated capital	16	28,441,000	28,441,000
Retained earnings		185,747,228	121,666,508
Total equity		214,188,228	150,107,508
Non-current liabilities			
Retirement benefit obligations - Gratuity	17	3,606,254	2,946,243
Warranty obligations	18	3,444,098	3,992,510
		7,050,352	6,938,753
Current liabilities			
Trade and other payables	19	853,554,550	297,207,818
Amount due to related party	20	648,276,944	815,656,378
Income tax payable	14	6,839,696	1,500,054
Foreign exchange forward contracts	21	25,791,580	3,199,814
Interest bearing borrowings	22	136,500,000	-
		1,670,962,770	1,117,564,064
Total liabilities		1,678,013,122	1,124,502,817
Total equity and liabilities		1,892,201,350	1,274,610,325

I certify that these financial statements have been prepared in accordance with the Companies Act No 7 of 2007.

V. Balaji
....
Balaji Varadharajan
Finance Manager

The Board of Directors is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the Board of Directors by the following on 3 May 2019.

....
Ashish Arora
Director

....
Jayaprakash Perumanam Suriyanarayanan
Director

The accounting policies and notes from 1 to 26 form an integral part of these financial statements.

SJMS ASSOCIATES
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CHARTERED ACCOUNTANTS

REDINGTON SL (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

	Stated capital LKR	Retained earnings LKR	Total equity LKR
Balance as at 1 April 2017	28,441,000	77,535,246	105,976,246
Comprehensive income for the year	-	48,431,262	48,431,262
Total comprehensive income for the year	-	48,431,262	48,431,262
Dividends paid	-	(4,300,000)	(4,300,000)
Balance as at 31 March 2018	28,441,000	121,666,508	150,107,508
Comprehensive income for the year	-	64,080,720	64,080,720
Balance as at 31 March 2019	28,441,000	185,747,228	214,188,228

The accounting policies and notes from 1 to 26 form an integral part of these financial statements.

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CHARTERED ACCOUNTANTS

REDINGTON SL (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	2018/2019 LKR	2017/2018 LKR
Cash flows from operating activities		
Profit before tax	85,521,464	58,324,824
Adjustments for:		
Finance costs	20,530,242	11,339,157
Interest income	(383,566)	(1,893,091)
Allowance/ (reversal) for impairment of receivables	5,336,005	(2,321,764)
Warranty provision	(548,412)	871,985
Allowance for impairment of inventories	13,292,881	-
Depreciation and amortization	3,518,170	3,260,990
(Gain)/ loss on fair value of foreign exchange forward contracts	22,591,767	(392,864)
Retirement benefit costs - gratuity	935,449	515,664
	150,794,000	69,704,901
Increase in inventories	116,859,142	(154,992,479)
Increase in trade and other receivables	(735,710,317)	(101,260,973)
Decrease in advance, deposits and prepayments	(711,549)	840,174
Increase/ (decrease) in trade and other payables	556,346,732	(108,624,592)
Increase in due to related parties	(167,379,434)	303,985,735
Cash generated from/ (used in) operations	(79,801,426)	9,652,766
Income tax paid	(24,298,055)	(18,670,488)
Interest paid	(20,530,242)	(11,339,157)
Interest received	383,560	1,893,091
Retirement benefit costs paid - gratuity	(275,438)	(348,280)
Net cash used in operating activities	(124,521,601)	(18,812,068)
Cash flows from investing activities		
Purchase of property and equipment	(3,146,959)	(1,697,001)
Sales proceeds from sales of fixed assets	-	66,140
Dividend paid	-	(4,300,000)
Net cash used in investing activities	(3,146,959)	(5,930,861)
Cash flows from financing activities		
Short term loans obtained/(settled) during the year	136,500,000	-
Net cash from financing activities	136,500,000	-
Net increase/ (decrease) in cash and cash equivalents during the year	8,831,440	(24,742,929)
Cash and cash equivalents at the beginning of the year	37,733,873	62,476,802
Cash and cash equivalents at the end of the year (Note 15)	46,565,313	37,733,873

The accounting policies and notes from 1 to 26 form an integral part of these financial statements.

S J M S ASSOCIATES
11, Castle Lane,
Colombo - 04.
Tel:0115 444 400
CHARTERED ACCOUNTANTS

1. General information

1.1. Reporting entity

Redington SL (private) Limited, is a limited liability company incorporated on 28 October 2009 and domiciled in Sri Lanka. The registered office and the principal place of the company is located at No.65C, Dharmapala Mawatha, Colombo 07, Sri Lanka.

1.2. Principal activities and nature of operations

Redington SL (Pvt) Ltd is an authorized wholesale distributor of information technology products, accessories and software in Sri Lanka.

1.3. Parent company

The parent undertaking and controlling party is Redington Distribution (Pte) Ltd, which is incorporated in Singapore and holds 100% of the issued share capital of the company as at the statement of financial position date and the ultimate parent company is Redington (India) Limited, in the directors opinion.

2. Preparation of financial statements

2.1 Basis of preparation

These financial statements are prepared on a historical cost basis except for loss allowances on account of bad debts, inventory damages and obsolescence and recognition of fair value gains and losses on foreign exchange forward contracts. Further, revenue and costs are accrued and recorded in the financial statements of the period to which they relate.

No adjustment is made for inflationary factors affecting these financial statements.

2.2 Statement of compliance

These financial statements comply with Sri Lanka Accounting Standards (LKASs and SLFRSs) issued by the Institute of Chartered Accountants of Sri Lanka.

2.3 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with LKASs and SLFRSs requires management to make judgments, estimates and assumptions that influence the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. In the selection and application of the company's accounting policies, which are described below, the directors are required to make judgments and assumptions and use assumptions in measuring items reported in the financial statements. These estimates are based on management's knowledge of current facts and circumstances, and assumptions based on such knowledge and expectations of future events. Actual results may differ from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods as well, if the revision affects both current and future periods.

The following assets and liabilities have the most effect of accounting judgements and estimates:

a) Deferred tax asset
b) Retirement benefit obligations
c) Impairment of inventories and trade and other receivables
d) Property and equipment

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Revisions to accounting estimates are dealt with in accordance with Sri Lanka Accounting Standard (LKAS) 8, Accounting Policies, Changes in Accounting Estimates and Errors.

2.4 New accounting standards issued and effective

The Institute of Chartered Accountants of Sri Lanka has issued two new standards, SLFRS 15, Revenue from Contracts with Customers and SLFRS 9, Financial Instruments, which are relevant Redington SL (Private) Limited. SLFRS 15 and SLFRS 9 are effective from financial periods beginning on or after 1 January 2018.

SLFRS 9 financial instruments

SLFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and certain contracts to buy or sell non-financial items. This standard replaces LKAS 39 Financial Instruments: Recognition and Measurement.

SLFRS 9 contains three principle classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value Through Profit or Loss (FVTPL). The classification of financial assets under SLFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SLFRS 9 eliminates the previous LKAS 39 categories of held to maturity, loans and receivables and available for sale. Under SLFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Impairment of financial assets

SLFRS 9 replaces the 'incurred loss' model in LKAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost. Under SLFRS 9, credit losses are recognised earlier than under LKAS 39. For assets under the scope of the SLFRS 9 impairment model, impairment losses could increase and become more volatile.

The Company has adopted SLFRS 9 with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018). Accordingly, the information presented for FY 2017/18 has not been restated, i.e., it is presented, as previously reported, under LKAS 39.

SLFRS 15 - Revenue from Contracts with Customers

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced LKAS 18 Revenue, LKAS 11 Construction Contract and related interpretations. Under SLFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control- at a point in time or over time- requires judgement.

The Company has adopted SLFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018). Accordingly, the information presented for FY 2017/18 has not been restated- i.e. it is presented, as previously reported, under LKAS 18, LKAS 11 and related interpretations.

However based on the impact analysis carried out, the Company is of the view that there won't be any changes to the existing revenue recognition criteria of the Company. Therefore adopting SLFRS 15 does not have any material impact on the Company's statement of financial position as at 31 March 2019 and its statement of profit or loss and OCI and statement of cash flows for the year then ended 31 March 2019.

2.5 New accounting standards issued but not effective

Sri Lanka Accounting Standard - SLFRS 16 Leases was issued by the Institute of Chartered Accountants of Sri Lanka but was not effective for the financial year ended 31 March 2019. The company expects to adopt this standard for the financial year ending 31 March 2020. Pending a detailed review, the full effect of the standard have not been determined as at the date of publication of these financial statements.

2.6 Going concern

When preparing the financial statements, the directors have made an assessment of the ability of the company to continue as a going concern in the foreseeable future and they do not foresee a need for liquidation, cessation of trading or materially curtailing the scale of operations taking into account all available information about the future.

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2.7 Functional and presentation currency

In determining the functional currency of the entity, the management is of the view that the currency which most faithfully represents the economic effect of the underlying transactions, events and conditions is Sri Lankan Rupees which is also the presentation currency.

2.8 Transactions in foreign currencies

All transactions in currencies other than the functional currency are recorded in Sri Lankan rupees, using the exchange rate prevailing at the time of effecting the transactions. At each date of statement of financial position, monetary assets and liabilities denominated in foreign currencies are re-translated to Sri Lankan rupee equivalents at the exchange rate prevailing on that date. Monetary liabilities for which forward exchange contracts are available as at the date of statement of financial position are re-translated at the exchange rate prevailing on that date. Non-monetary assets and liabilities denominated in foreign currencies are not re-translated. Exchange differences arising on the settlement of monetary items and re-translation of monetary items, are recognised in profit or loss in the year in which they arise.

2.9 Events after the date of statement of financial position

All significant events after the statement of financial position date are considered and where necessary adjustments/disclosures are made in the financial statements.

3 Summary of Significant accounting policies

3.1 Valuation of assets and their bases of measurement

3.1.1 Property and equipment

(a) Cost

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. All items of property and equipment are initially recorded at cost. Subsequent expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature by means of which to carry on the business or to increase the earning capacity of the business is treated as capital expenditure. The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The carrying amount of an item of property and equipment is derecognized on disposal or when no further economic benefits are expected from its use or disposal.

(b) Depreciation

Provision for depreciation is calculated using the straight-line method on the cost of property and equipment other than freehold land in order to allocate the depreciable amount over the estimated useful life of such assets. The estimated useful lives of assets are as follows:

	Years
Computer and related accessories	05
Furniture and fittings	04
Equipment and others	04

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

3.1.2 Intangible assets

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

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3.1.3 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's 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 pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, where reversal of the impairment loss is treated as a revaluation increase.

3.1.4 Finance leases

Assets purchased under finance leases are capitalized and the resulting lease obligations are included in creditors net of interest in suspense. Interest included in lease rentals is charged to the income statement over the period of the lease on the sum of digit method.

3.1.5 Inventories

Inventories are valued at each statement of financial position date at the lower of their weighted average cost or net realisable value. Cost includes all expenses incurred in bringing inventories to their present condition and location. These normally include purchase cost, freight and clearing charges and applicable taxes. Net realizable value represents the estimated selling price for inventories less at estimated cost of completion and cost necessary to make the sales.

3.1.6 Financial assets

The company initially recognises trade and other receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the company becomes a party to the contractual provisions of the instruments.

The company derecognises a financial asset when the contractual rights to cash flows from the asset expire, or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The company has only trade and other receivables and cash and bank balances as financial assets.

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3.1.6.1 Trade and other receivables

Trade and other receivables are financial assets with fixed or determinable payment that are not quoted in an active market. Thus assets are at amortised cost and are stated at the amounts they are estimated to be realized, after recognizing a loss allowance, if any.

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. The company measures loss allowances at an amount equal to lifetime ECL, except for 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.

Credit-impaired financial assets

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 customer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a trade receivable by the Company on terms that the Company would not consider otherwise;
- It is probable that the customer will enter bankruptcy or other financial reorganization.

Presentation of allowance for ECL in the statement of financial position

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

3.1.7 Impairment of financial assets (Policy applicable prior to 01 April 2018)

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset and can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against trade and other receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3.1.7 Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments which are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, deposits in bank and short term investments.

3.2 Liabilities and provision

3.2.1 Financial liabilities

The company initially recognises financial liabilities on the trade date at which the company becomes a party to the contractual provisions of the instrument. The company derecognises a financial liability discharged or cancelled or expired.

The company has the following financial liabilities: loans and borrowings, bank overdrafts, amounts due to related parties and trade payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, those financial liabilities are measured at amortised cost using the effective interest method.

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3.2.2 **Retirement benefit obligations**

Defined Benefit Plan – Gratuity

Gratuity is a defined benefit plan. The company is liable to pay gratuity in terms of relevant statute. In order to meet this liability, a provision is carried forward in the statement of financial position, based on a half month's salary as of the last month of the financial year, of all employees for each completed year of service, commencing from the first year of service. The resulting difference between the brought forward provision at the beginning of a year and the carried forward provision at the end of the year is dealt within the income statement. However, as per Payment of Gratuity Act No. 12 of 1983, this liability arises only upon completion of five (05) years of service.

The gratuity liability is not externally funded nor actuarially valued. This liability is grouped under non-current liabilities in the statement of financial position.

3.2.3 **Defined contribution plans**

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with the respective statues and regulations. The company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

3.2.4 **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

3.2.5 **Derivative financial instruments**

The company enters into derivative financial instruments such as foreign exchange forward contracts to manage its exposure to foreign exchange rate risks. These derivative contracts are initially recognised at fair value at the date these contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the profit or loss immediately. Fair value of these derivatives are derived by using valuation techniques.

3.2.6 **Capital commitments and contingencies**

Capital commitments and contingent liabilities as at the statement of financial position date are disclosed in the respective notes to the financial statements.

3.2.7 **Promotional funds**

Funds received from suppliers for the purpose of promoting their brand is set off against relevant expenses. Amounts unutilised at each statement of financial position date are treated as liabilities.

3.3 **Income Statement**

3.3.1 **Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable on sale of products in the ordinary course of business. Revenue is shown net of value added tax and discounts. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

3.3.2 **Expenditure recognition**

Expenses are recognized on an accrual basis. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to revenue in arriving at the profit/loss for the year. For the purpose of presentation of the income statement, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the company's performance.

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3.3.3 Current income taxes

Current income tax is based on the elements of income and expenditure as reported in the financial statements and is computed in accordance with provisions of the Inland Revenue Act No. 10 of 2006 and its subsequent amendments there to.

3.3.4 Deferred tax

Deferred tax is provided using the liability method, on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credit and unused tax losses only, to the extent that it is probable that future 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 utilized.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent that is has become probable that future taxable profit will allow the deferred tax asset to be recoverable.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realized or liability is settled, based on the tax rates and tax rates and tax laws that have been enacted or substantively enacted as at the statement of financial position. Deferred tax relating to items recognized directly in equity is recognized equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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		2018/2019 LKR	2017/2018 LKR
4.	**Revenue**		
	Turnover	4,713,816,770	3,718,810,703

5.	**Other income**		
	Rebate income	123,375,361	53,490,121
	Interest income	266,373	965,705
	Interest income from customers	117,193	927,386
	Fair value gain from forward exchange contracts	-	392,864
	Miscellaneous income	9,274	-
	Service income	98,559	164,195
	Cash discount received	-	1,490,206
	Reversal of incentive	-	445,090
	Reversal of impairment of trade receivables	-	2,321,764
		123,866,760	60,197,331

6.	**Finance expenses**		
	Loan interest	18,398,365	9,858,216
	Bank charges	3,355,443	2,063,835
	Overdraft interest	2,131,877	1,480,941
		23,885,685	13,402,992

7. Profit before tax

Profit before tax is stated after charging all expenses including the following:

Directors' emoluments	-	11,553,360
Staff costs (Note 7.1)	67,257,651	61,157,958
Nation Building Tax	47,140,139	37,188,107
Depreciation and amortisation	3,518,170	3,260,990
Auditor's remuneration	698,735	1,375,334
Impairment of inventories	13,292,881	17,659,988
Impairment of receivables	5,336,005	-
Fair value loss on forward exchange contract	22,591,767	-
Foreign exchange loss	12,315,338	13,584,781

7.1	**Staff costs**		
	Salaries	34,203,222	32,486,740
	Special allowance	6,995,245	6,369,516
	Car allowance	8,610,943	6,905,601
	Housing allowance	780,000	995,558
	EPF and ETF	5,130,486	4,326,360
	Performance allowance	8,474,030	7,939,546
	Bonus	455,358	503,132
	Staff welfare	1,672,918	1,115,841
	Retirement benefit cost	935,449	515,664
		67,257,651	61,157,958

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	2018/2019 LKR	2017/2018 LKR
8. Income tax expense		
Income tax recognised in profit or loss		
Current income tax	31,711,289	24,119,837
Deferred tax expense/ (saving)	(8,196,955)	(12,635,645)
Deemed dividend tax provision/ (reversal)	-	(2,110,951)
(Over)/ under provision of prior year tax liability	(2,073,590)	520,321
Tax charge in the income statement	21,440,744	9,893,562

8.1 Reconciliation between the current tax expense and the accounting profit

	2018/2019 LKR	2017/2018 LKR
Accounting profit from ordinary activities	85,521,464	58,324,824
Aggregate disallowable expenses	31,223,416	31,610,170
Aggregate allowable charges	(3,646,913)	(4,557,071)
Business profit/(loss)	113,097,967	85,377,923
Interest income	156,636	764,351
Total statutory income	113,254,603	86,142,274
Taxable income	113,254,603	86,142,274
Current income tax expense at 28%	31,711,289	24,119,837

The company is liable for income tax @ 28% on its taxable income.

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9. Property and equipment

Freehold assets

	Furniture and fittings	Computers and office	Total
	LKR	LKR	LKR
Cost			
Balance as at 1 April 2017	8,525,379	6,539,279	15,064,658
Additions during the year	193,980	1,503,021	1,697,001
Disposal during the year	-	(299,309)	(299,309)
Balance as at 31 March 2018	8,719,359	7,742,991	16,462,350
Additions during the year	344,344	2,802,615	3,146,959
Balance as at 31 March 2019	9,063,703	10,545,606	19,609,309
Accumulated depreciation			
Balance as at 1 April 2017	3,101,361	3,897,388	6,998,749
Charge for the year	2,047,471	1,113,463	3,160,934
Depreciation on disposal	-	(233,173)	(233,173)
Balance as at 31 March 2018	5,148,832	4,777,678	9,926,510
Charge for the year	2,131,618	1,303,139	3,434,757
Balance as at 31 March 2019	7,280,450	6,080,817	13,361,267
Written down value			
Balance as at 31 March 2019	1,783,253	4,464,789	6,248,042
Balance as at 31 March 2018	3,570,527	2,965,313	6,535,840

10. Intangible assets - Computer software

	31.03.2019	31.03.2018
	LKR	LKR
Cost		
Balance at the beginning of the year	4,200,478	4,200,478
Balance at the end of the year	4,200,478	4,200,478
Amortization		
Balance at the beginning of the year	4,117,068	4,017,011
Amortization for the year	83,410	100,057
Balance at the end of the year	4,200,478	4,117,068
Carrying amount	-	83,410

		31.03.2019 LKR	31.03.2018 LKR
11.	**Deferred tax asset**		
	Balance at the beginning of the year	12,962,844	327,200
	Deferred tax asset recognised during the year	8,196,955	12,635,644
	Balance at the end of the year	21,159,799	12,962,844

11.1 The closing deferred tax asset balance relates to the following:

	31.03.2019 LKR	31.03.2018 LKR
Accelerated depreciation for tax purpose	(308,795)	(349,870)
Retirement benefit obligation - Gratuity	1,009,750	824,948
Warranty obligations	964,347	1,117,907
Sales promotion provision	1,541,998	-
Salary increment provision	1,366,550	-
Impairment of receivables	1,494,081	-
Impairment of inventory	15,091,868	11,369,860
	21,159,799	12,962,844

12. Inventories

	31.03.2019 LKR	31.03.2018 LKR
Inventories	228,625,155	453,467,929
Less: Impairment of inventory	(53,899,523)	(40,606,642)
Goods in transit	109,156,872	1,173,240
	283,882,504	414,034,527

12.1 Movement in allowance for impairment of inventory

	31.03.2019 LKR	31.03.2018 LKR
Balance at the beginning of the year	40,606,642	22,946,655
Recognized during the year	13,292,881	17,659,987
Balance at the end of the year	53,899,523	40,606,642

13. Trade and other receivables

	31.03.2019 LKR	31.03.2018 LKR
Trade receivables	1,548,944,434	824,072,326
Less: Loss allowance for receivables (Note 13.1)	(39,882,807)	(34,546,802)
	1,509,061,627	789,525,524
Other receivables (Note 13.2)	16,857,998	5,587,155
Staff receivables	1,020,417	1,453,051
	1,526,940,042	796,565,730

Total trade receivables from the ten largest customers as at 31 March 2019 amounted to LKR 1.099,783,725. (31 March 2018 LKR 484,413,445)

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	31.03.2019 LKR	31.03.2018 LKR

13.1 Movement in loss allowance for receivables

	31.03.2019 LKR	31.03.2018 LKR
Balance at the beginning of the year	(34,546,802)	(36,868,567)
Recognized during the year	(5,466,805)	(2,308,550)
Reversed during the year	130,800	4,630,315
Balance at the end of the year	(39,882,807)	(34,546,802)

13.2 Other receivables

	31.03.2019 LKR	31.03.2018 LKR
Reimbursable expenses	558,028	1,040,688
Receivable from vendors	16,299,970	4,546,467
	16,857,998	5,587,155

14. Income tax (receivable)/ payable

	31.03.2019 LKR	31.03.2018 LKR
Balance at the beginning of the year	1,500,054	(2,358,666)
Income tax liability for the year	31,711,289	24,119,837
Under/ (over) provision of prior year tax	(2,073,592)	520,321
Self assessment payment	(721,139)	-
Deemed dividend tax payable/ (reversal)	-	(2,110,950)
ESC paid	(23,569,084)	(18,594,053)
Withholding tax receivable	(7,832)	(76,435)
	6,839,696	1,500,054

15. Cash in hand and at bank

	31.03.2019 LKR	31.03.2018 LKR
Cash in hand	256,124	303,050
Cash at bank (Note 15.1)	46,309,189	37,430,823
	46,565,313	37,733,873

15.1 Cash at bank

	31.03.2019 LKR	31.03.2018 LKR
MCB Bank - USD account	26,659,682	1,768
National Development Bank PLC - Current account	16,552,811	21,475,367
Hatton National Bank PLC - Current account	1,191,420	247,467
MCB Bank - Current account	770	15,488,190
MCB Bank - Call deposit	6,588	100,166
National Development Bank PLC- Call deposit	11,450	5,666
Sampath Bank PLC	1,869,467	-
ICICI Bank - Current account	17,001	112,199
	46,309,189	37,430,823

16. Stated capital

	No. of shares	31.03.2019 LKR	31.03.2018 LKR
Issued and fully paid ordinary shares	2,845,000	28,441,000	28,441,000

17. Retirement benefit obligations - Gratuity

	31.03.2019 LKR	31.03.2018 LKR
Balance at the beginning of the year	2,946,243	2,778,859
Gratuity liability during the year	935,449	515,664
Payment during the year	(275,438)	(348,280)
Balance at the end of the year	3,606,254	2,946,243

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		31.03.2019 LKR	31.03.2018 LKR
18.	**Warranty obligations**		
	Balance at the beginning of the year	3,992,510	3,120,525
	Recognized/(reversed) during the year	(282,387)	3,868,428
	Actual expense during the year	(266,025)	(2,996,443)
	Balance at the end of the year	3,444,098	3,992,510
19.	**Trade and other payables**		
	Trade payables (Note 19.1)	782,570,104	238,172,216
	Other payables	45,215,356	38,427,939
	Accrued expenses	25,769,090	20,607,663
		853,554,550	297,207,818
19.1	**Trade payables**		
	IBM World Trade Corporation	642,769,481	154,226,090
	Microsoft Regional Sales Pte Ltd	47,969,947	40,470,609
	Citrix Systems Asia Pacific (Pty) Ltd	51,847,184	6,935,060
	VMware International Ltd	7,706,787	27,935,239
	Oracle Corporation Singapore Pte Ltd	22,930,128	-
	F5 Networks Singapore Pte Ltd	405,215	-
	Amazon Web Services, Inc	2,806,600	214,388
	Veeam Software GmbH	6,045,774	8,311,707
	Attachmate India Private Limited	88,988	-
	Micro Focus Software India (Private) Limited	-	79,123
		782,570,104	238,172,216
20.	**Amount due to related party**		
	Redington Distribution (Pte) Ltd	648,276,944	815,656,378
21.	**Foreign exchange forward contracts**		
	a) Fair value of forward exchange contracts	25,791,580	3,199,814
	b) Total value of commitment to purchase (in USD million)	3.7	4.9
22.	**Interest bearing borrowings**		
	National Development Bank PLC (Note 22.1)	136,500,000	-

22.1 Securities pledged against these short term loans are as follows.

National Development Bank PLC - Primary mortgage bond for Rs. 225,000,000 over stocks and book debts of the company.

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23. Transactions with related parties

23.1 Key Management Personnel

Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Directors of the company have been considered as KMP of the company.

Mr. Ashish Arora, Mr. Krishnamoorthy Soundarajan, Mr. Jayaprakash Perumanam Suriyanarayanan and Mr. Vijay Kumar Jaiswal (resigned w.e.f 01 April 2018) were the directors of the company during the period and the total compensation paid to them are as follows:

	31.03.2019 LKR	31.03.2018 LKR
Short term employment benefits	-	14,975,230

23.2 Related party transactions

The company had the following transactions with its parent entity, Redington Distribution (Pte) Ltd during the current financial year.

Nature of transactions	Amount LKR
Purchase of information technology products	2,307,609,272
Rebates and reimbursable expenses	100,550,013

24. Commitments and contingencies

24.1 Commitments

There were no significant commitments and contingencies that need adjustments or disclosures in these financial statements.

24.2 Litigation claims

The company had initiated legal actions to recover monies receivable from several customers as detailed below.

Cases filed under Magistrate court- Colombo

Case No.	Amount Due as at 31.03.2019 LKR
20751/20752/20754	723,870
20755	850,000
15685/15686/15687/15688/15689	1,521,498
61964/965/966/620430/431/432/433/63098/099/64174/175/176	10,194,923

There were no other commitments or contingencies as at the date of the statement of the financial position.

25. Events after the date of the statement of financial position.

No significant events have taken place since the date of the statement of financial position that require adjustments to or disclosure in these financial statements.

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26. Financial risk management objectives and policies

Financial instruments held by the company, principally comprise of cash, trade and other receivables, trade and other payables, loans and borrowings. The main purpose of these financial instruments is to manage the operating, investing and financing activities of the company.

Financial risk management of the company is carried out based on guidelines established by the finance division which comes under the purview of the Board of Directors of the company.

The finance division identifies, evaluates and mitigates financial risk in close co-operation with the Parent's finance department. The parent company provides guidelines for overall risk management, as well, covering specific areas such as credit risk, investment of excess liquidity, interest rate risk and foreign currency risk.

26.1 Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

The company trades only with recognised, creditworthy third parties. It is the company's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the company, such as cash and cash equivalents, the company's exposure to credit risk arises from default of the counterparty. The company manages its operations to avoid any excessive concentration of counterparty risk and the company takes all reasonable steps to ensure that the counterparties fulfil their obligations.

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts.

The requirement for impairment is analysed at each reporting date on an individual basis for major customers. In order to mitigate settlement and operational risks related to cash and cash equivalents, the company uses several banks with acceptable ratings for its deposits.

(a) The maximum exposure to credit risk at the reporting date

	31.03.2019 Rs.	31.03.2018 Rs.
Cash and short term deposits (Note 15)	46,565,313	37,733,873
Trade and other receivables (Note 13)	1,526,940,042	796,565,730
	1,573,505,355	834,299,603

b) Cash and short term deposits

The company limits its exposure to credit risk by keeping it's in call deposits with selected bankers with Board approval.

The company held cash at bank of Rs. 46.5 Mn as at 31 March 2019 (31 March 2018 - Rs. 37.7. Mn) which represent its maximum credit exposure on these assets. The cash balance are held with financial institutions which have better rankings.

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c) The ageing of trade receivables at the reporting date

	Gross receivables		Loss allowance		Carrying value	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.	2019 Rs.	2017 Rs.
Not Due	600,499,858	645,104,776	-	-	600,499,858	645,104,776
0-30 days	773,552,462	79,988,554	-	-	773,552,462	79,988,554
31-60 days	26,767,422	17,812,782	-	28,500	26,767,422	17,784,282
61-90 days	24,266,269	2,605,568	-	707,475	24,266,269	1,898,093
91-180 Days	55,238,097	15,922,666	-	309,575	55,238,097	15,613,091
181-360 days	26,311,230	30,627,098	-	1,194,250	26,311,230	29,432,848
More than 360 days	42,309,096	32,010,883	39,882,807	32,307,001	2,426,289	(296,118)
Total	1,548,944,433	824,072,327	39,882,807	34,546,801	1,509,061,626	789,525,525

26.2 Liquidity risk

The company's policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that the company has available funds to meet its medium term capital and funding obligations and to meet any unforeseen obligations. The company holds cash and undrawn committed facilities to enable the company to manage its liquidity risk.

The company monitors its risk to a shortage of funds using a daily cash management process. This process considers the maturity of both the company's financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of multiple sources of funding including bank loans and overdrafts.

a). The following are the liquidity profile of the financial liabilities at its carrying value :

31 March 2019

	Carrying amount Rs.	Liquidity profile 1-3 months Rs.	3-6 Months Rs.	6-12 months Rs.
Trade and other payables	853,554,550	853,554,550		
Amount due to a related party	648,276,944	648,276,944		
Income tax payable	6,839,696	-	6,839,696	
Short term borrowings	136,500,000	136,500,000		
	1,645,171,190	1,638,331,494	6,839,696	-

31 March 2018

	Carrying amount Rs.	Liquidity profile 1-3 months Rs.	3-6 Months Rs.	6-12 months Rs.
Trade and other payables	297,207,818	297,207,818		
Amount due to a related party	815,656,378	815,656,378		
Income tax payable			1,500,054	
	1,112,864,196	1,112,864,196	1,500,054	-

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26.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Changes in foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company's exposure to the risk of changes in market interest rates relates primarily to the deposits held with floating interest rates.

If interest rates had been higher/lower by 100 basis points and all other variables were held constant, the profit before tax for the year ended 31 March 2019 would increase/decrease as follows,

Interest income will increase by	Rs.	180
Interest income will decrease by	Rs.	180
Interest expense will increase by	Rs.	1,365,000
Interest expense will decrease by	Rs.	1,365,000

This is attributable to the company's exposure to interest rates on variable rates of interest.

b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company has exposure to foreign currency risk where it has cash flows in foreign currency transactions which are affected by foreign exchange movements.

The company is exposed to fluctuations in the value of the US Dollar (USD) against the Sri Lankan rupee (LKR). The company's functional currency is LKR, in which most of the transactions are denominated, and all other currencies are considered foreign currencies for reporting purposes.

The company uses foreign currency forward contracts to hedge its foreign currency risks associated with foreign currency fluctuations relating to selected firm commitments based on expected settlement needs. The company has obtained forward contracts for 83.29% of such commitments as at 31 March 2019 (31 March 2018 - 85.26%)

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REDINGTON SL (PRIVATE) LIMITED

DETAILED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

REDINGTON SL (PRIVATE) LIMITED
DETAILED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

		31.03.2019 LKR	31.03.2018 LKR
i	**Other payables**		
	VAT payable	12,955,528	12,002,053
	WHT payable	3,398,634	10,999,169
	Advances	16,507,563	1,400,820
	Ceylinco Insurance PLC	-	89,974
	Allianz Insurance Lanka Limited	23,636	-
	NBT payable	4,010,778	6,010,059
	PAYE payable	222,312	358,012
	ESC payable	7,981,579	6,451,480
	Speedlink Cargo Service Pvt Ltd	115,326	-
	Hankyu Maritime (Pvt) Ltd	-	861,891
	Mindhara	-	254,481
		45,215,356	38,427,939

		31.03.2019 LKR	31.03.2018 LKR
ii	**Accrued expenses**		
	Salary payable	149,113	497,887
	EPF payable	580,121	782,749
	ETF payable	87,019	117,413
	Performance allowance payable	11,099,400	8,504,844
	Provision for sales promotion	5,507,138	4,025,331
	Provision for salary increment	4,880,534	3,644,340
	Accrued loan interest	547,398	-
	Amerasekera & Co	225,510	225,510
	Dialog Axiata PLC	90,000	696,880
	MSL Accounting Services (Pvt) Ltd	172,125	250,000
	Equity One PLC	175,000	200,000
	Incentive payables to dealers	243,651	113,264
	Incentive payables to Employee	356,020	-
	American Premium Water Systems (Pvt) Ltd	14,500	16,500
	Lanka Bell Limited	15,000	15,000
	Provision for doubtful other receivables	173,600	173,600
	JMC Cab Service	40,000	65,000
	SJMS Associates	431,078	480,350
	Speed Mark Security Pvt Ltd	143,525	126,490
	Sri Lanka Telecom PLC	12,000	20,000
	MISC Suppliers	346,000	108,000
	Super Care Services	25,000	25,000
	Staff bonus provision	455,358	519,505
		25,769,090	20,607,663

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		2018/2019 LKR	2017/2018 LKR
iii	**Administrative expenses**		
	Salaries	14,496,745	20,292,416
	Special allowance	3,445,451	4,207,842
	Car allowance (Admin)	2,190,276	1,249,002
	House allowance	780,000	995,559
	Provision for salary increment Admin (P&L)	(1,453,274)	3,644,340
	EPF	1,739,610	2,435,090
	ETF	434,903	608,773
	Bonus	278,405	304,924
	Performance allowance	4,315,313	2,806,821
	Training expenses	453,063	1,429,736
	Travelling	113,500	87,218
	Rent	9,172,949	8,902,097
	Staff welfare	1,672,918	1,115,841
	Depreciation and amortization	3,518,170	3,260,991
	Audit fee	698,735	1,375,334
	Broadband and VPN expenses	131,870	163,188
	Consultancy fee	822,327	611,902
	Conveyance reimbursement	330,400	341,967
	Courier charges	140,382	192,976
	Electricity charges	2,190,589	2,425,521
	Entertainment expenses	529,473	315,928
	Foreign travel expenses	1,672,953	2,051,468
	Gratuity provision	935,449	515,664
	Insurance	1,835,600	1,668,984
	Janitorial expenses	300,000	323,332
	Land lease tax	-	385,350
	Legal fee	287,195	106,760
	Mobile reimbursement	345,320	307,150
	Office expenses	692,738	661,954
	Postage and stamp duties	181,070	195,590
	Printing and stationery expenses	730,510	540,372
	Rates and taxes	40,304	48,767
	Repairs and maintenance	284,350	245,727
	Subscription	1,444,128	1,714,736
	Sponsorship	1,385,750	725,000
	Telephone charges	633,141	1,327,770
	Vehicle rental expenses	-	1,091,476
	Water	164,731	195,527
	Rounding off expenses	104	(640)
		56,935,148	68,872,453

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		2018/2019 LKR	2017/2018 LKR
iv	**Distribution expenses**		
	Salaries	19,706,477	17,519,985
	Special allowance	3,549,794	3,399,536
	Car allowance (S&D)	6,420,667	5,656,600
	EPF	2,364,778	2,102,399
	ETF	591,195	525,600
	Sales incentives	-	23,300
	Bonus	176,953	198,209
	Performance allowance	4,158,717	5,132,726
	Provision for salary increment Admin (S&D)	2,689,468	-
	Outsource salaries	248,875	-
	Sales consultant expenses	-	306,985
	Advertising expenses	147,400	14,400
	Conveyance reimbursement	1,660,134	1,394,901
	Delivery expenses	2,229,935	2,031,238
	Disallowed input VAT	2,622,441	8,591,068
	Fuel	283,051	271,520
	Loading and unloading expenses	198,350	139,586
	Local travel expenses	300,924	227,816
	Mobile reimbursement	890,297	725,300
	NBT	47,140,139	37,188,108
	Impairment of receivables	5,336,005	-
	Rent (warehouse)	2,679,000	3,170,000
	Warranty expenses	266,025	2,996,443
	WHT expenses	4,109,499	789,102
	Sales promotion expenses	7,657,885	1,714,264
	W/H security charges	909,801	887,174
		116,337,810	95,006,260

v	**Other expenses**		
	Foreign exchange loss	12,315,338	13,584,781
	Loss on asset disposal	-	22,113
	Fair value loss from forward exchange contract	22,591,767	-
	Stock adjustment expense	-	27,551
	Allowance for impairment of inventory	13,292,881	17,659,988
		48,199,986	31,294,433

		31.03.2019 LKR	31.03.2018 LKR
vi	**Deposits, advances and prepayments**		
	Prepayments	2,213,647	1,543,975
	Refundable deposits	5,150,126	5,150,126
	Controller of import and exports	29,142	-
	Telecommunications Regulatory Commission of Sri Lanka	12,735	-
		7,405,650	6,694,101

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