S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

12th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai - 400 028, India
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INDEPENDENT AUDITOR'S REPORT

To the Members of CMS Info Systems Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of CMS Info Systems Limited (hereinafter referred to as the "Holding Company"), and its subsidiaries (the Holding Company and its subsidiaries together referred to as the "Group"), comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss including other comprehensive income, the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "Consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 (the "Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

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

S.R. BATLIBOI & ASSOCIATES LLP
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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS financial statements.

Opinion

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

Other Matters

We did not audit the financial statements and other financial information, in respect of four subsidiaries, whose Ind AS financial statements include total assets of Rs. 213,489,903 and net assets of Rs. 31,159,622 as at March 31, 2018, and total revenues of Rs. 616,929,668 and net cash outflows of Rs. 9,332,296 for the year ended on that date. These financial statement and other financial information have been audited by other auditors, and the financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;

(b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies, is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies, refer to our separate report in "Annexure 1" to this report; and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries :

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group - Refer Note 31 to the Consolidated Ind AS financial statements;

ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2018; and

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries during the year ended March 31, 2018.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Kalpesh Jain
Partner
Membership Number: 106406
Mumbai
June 07, 2018

S.R. Batliboi & Associates LLP MUMBAI Chartered Accountants

Annexure 1 referred in our report of even date

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

In conjunction with our audit of the consolidated financial statements of CMS Info Systems Limited as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of CMS Info Systems Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below , is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated financial statements.

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Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements

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

Opinion

In our opinion, the Holding Company and its subsidiary companies have maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India .

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company, insofar as it relates to the 3 subsidiary companies is based on the corresponding reports of the auditors of such subsidiaries.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Kalpesh

per Kalpesh Jain
Partner
Membership Number: 106406
Mumbai
June 07, 2018

S.R. BATLIBOI & ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

CMS INFO SYSTEMS LIMITED
Consolidated Balance Sheet as at March 31, 2018
(₹ in million)

Assets	Notes	As at March 31, 2018	As at March 31, 2017
Non-current assets			
Property, plant and equipment	4	763.04	806.94
Capital work-in-progress		6.67	21.34
Goodwill	5	1,847.68	1,847.68
Other Intangible assets	5	34.30	41.59
Financial assets			
Investments	6	0.08	0.08
Other financial assets	7	159.77	167.46
Deferred tax assets (net)	8	447.36	346.47
Income tax assets (net)		76.81	126.05
Other non-current assets	9	82.03	120.01
		3,417.74	**3,477.62**
Current assets			
Inventories	10	236.47	108.70
Financial assets			
Investments	6	915.86	190.11
Trade receivables	11	1,948.36	1,867.83
Cash and cash equivalents	12	665.60	204.72
Other bank balances	12	87.97	55.40
Other financial assets	7	1,463.34	1,698.80
Other current assets	9	291.58	233.14
		5,609.18	**4,358.70**
Total		**9,026.92**	**7,836.32**
Equity and liabilities			
Equity			
Equity share capital	13a	1,480.00	1,480.00
Other equity	13b	5,261.20	4,253.82
Total equity attributable to equity holders of Parent		**6,741.20**	**5,733.82**
Non-current liabilities			
Financial liabilities			
Borrowings	14	-	15.31
Provisions	16	54.71	57.45
		54.71	**72.76**
Current liabilities			
Financial liabilities			
Borrowings	14	-	33.08
Trade payables	15	639.20	695.89
Others	15	1,346.01	1,064.95
Liabilities for current tax (net)		-	31.87
Provisions	16	129.98	[illegible]8.72
Other liabilities	17	115.82	55.43
		2,231.01	**2,029.74**
Total		**9,026.92**	**7,836.32**

Summary of significant accounting policies 2

The accompanying notes form an integral part of the financial statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W / E300004
Chartered Accountants

per Kalpesh Jain
Partner
Membership No.: 106406

Place: Mumbai
Date: June 07, 2018

For and on behalf of the Board of Directors of
CMS Info Systems Limited

Ashish Agrawal
Director
DIN No.: 00163344

Rajiv Kaul
Whole Time Director and Chief Executive Officer
DIN No.: 02581313

Pankaj Khandelwal
Chief Financial Officer

Praveen Soni
Company Secretary

Place : Mumbai
Date: June 07, 2018

CMS INFO SYSTEMS LIMITED
Consolidated Statement of profit and loss for the year ended March 31,2018
(₹ in million)

	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
Income			
Revenue from operations	18	9,776.82	10,074.49
Finance income	19	15.81	20.08
Other income	20	61.68	21.82
Total income		9,854.11	10,116.39
Expenses			
Purchase of traded goods	21	512.60	668.60
(Increase) / Decrease in inventories	22	(106.07)	148.28
Employee benefit expenses	23	2,359.75	2,293.90
Depreciation and amortisation	4 & 5	320.97	317.57
Finance costs	24	14.01	79.13
Other expenses	25	5,537.10	5,407.17
Total Expenses		8,638.36	8,914.65
Profit before tax		1,215.75	1,201.74
Tax expense			
Current tax		518.71	536.84
Adjustment of tax relating to earlier years		0.03	(14.65)
Deferred tax credit		(104.68)	(107.08)
Total tax expenses		414.06	415.11
Profit for the year attributable to equity holders of Parent		801.69	786.63
Other comprehensive income ('OCI')			
OCI not to be reclassified to Statement of Profit and Loss in subsequent periods			
Remeasurement (losses) / gains on defined benefit plans		12.52	(16.52)
Income tax effect		(3.79)	5.04
Other comprehensive income for the year, net of tax		8.73	(11.48)
Total comprehensive income for the year attributable to equity holders of Parent		810.42	775.15
Earning per equity share [nominal value of share ₹ 10]	26		
Basic		5.42	5.31
Diluted		5.34	5.31
Summary of significant accounting policies	2		

The accompanying notes form an integral part of the financial statements

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W / E300004
Chartered Accountants

per Kalpesh Jain
Partner
Membership No: 106406

Place: Mumbai
Date: June 07, 2018

For and on behalf of the Board of Directors of CMS Info Systems Limited

Ashish Agrawal
Director
DIN No.: 00163344

Rajiv Kaul
Whole Time Director and Chief Executive Officer
DIN No.: 02581313

Pankaj Khandelwal
Chief Financial Officer

Praveen Soni
Company Secretary

Place : Mumbai
Date: June 07, 2018

CMS INFO SYSTEMS LIMITED

Consolidated Cash flow statement for the year ended March 31, 2018

(₹ in million)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Cash flow from operating activities		
Profit before tax	1,215.75	1,201.74
Adjustments to reconcile profit before tax to net cash flow:		
Depreciation and amortisation	320.97	317.57
Unrealised foreign exchange (gain) / loss	(0.35)	(1.18)
Impairment allowance for bad and doubtful receivables and unbilled revenue	218.01	371.12
Bad debts written off	(245.21)	1.63
Loss / (profit) on disposal of property, plant and equipment (net)	(2.71)	2.41
Sundry balances written back	(8.72)	(11.01)
Impairment for doubtful insurance claims (net)	18.30	(2.49)
Bad debts written back	(29.61)	-
Finance income	(19.81)	(20.08)
Gain on fair value / sale of investments	(15.11)	(0.11)
Employee stock option compensation cost	196.95	136.13
Finance costs	14.01	79.13
Operating profit before working capital changes	1,866.46	1,974.86
Movement in working capital :		
(Decrease)/ Increase in trade and other payables	325.31	(926.42)
(Decrease)/ Increase in provisions	(11.25)	(16.69)
Decrease/ (increase) in inventories	(127.77)	133.65
Decrease/ (increase) in trade receivables	(25.79)	340.77
Decrease/ (increase) in other assets and prepayments	164.43	319.61
Cash flow generated from operations	1,991.40	1,825.78
Direct taxes paid (net of refunds)	(501.17)	(465.84)
Net cash flow from operating activities (A)	1,490.23	1,359.94
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	3.30	2.58
Purchase of property, plant and equipment , Intangible assets (including CWIP and capital advances)	(201.37)	(142.03)
Purchase consideration paid on acquisition of business (refer note 33)	-	(60.25)
Investment in mutual funds (net)	(720.50)	(190.00)
Investment in Fixed deposit	(6.16)	-
Gain on sale of investments	9.88	-
Margin money deposits matured	47.69	34.71
Margin money deposits placed	(39.31)	(42.18)
Restricted cash received	-	3.01
Interest received	12.05	15.65
Net cash flow (used in) investing activities (B)	(893.46)	(381.51)
Cash flows from financing activities		
Proceeds from long-term borrowings	-	10.91
Repayment of long-term borrowings	(67.58)	(99.74)
Repayment of Short term borrowings	(2.84)	(777.20)
Finance costs	(12.05)	(77.12)
Net cash flow (used) / generated financing activities (C)	(82.48)	(943.15)
Net increase in cash and cash equivalents (A+B+C)	514.29	35.28
Cash and cash equivalents at the beginning of the year	150.29	115.01
Cash and cash equivalents at the end of the year (refer note below)	664.58	150.29

Components of cash and cash equivalents

	As at March 31, 2018	As at March 31, 2017
Cash on hand	3.16	5.46
Cheque in hand	56.15	100.02
Balance with Current accounts	160.93	92.12
In deposits account with original maturity of less than three months	445.36	7.12
Cash and cash equivalents (refer note 12)	665.60	204.72
Less: Cash credit facilities with banks (refer note 14)	-	(30.24)
Less: Book overdraft (refer note 15)	(1.02)	(24.19)
Cash and cash equivalents at the end of the year	664.58	150.29

Note : There are no changes in liabilities arising from financing activities, due to non-cash changes

Summary of significant accounting policies 2

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W / E300004
Chartered Accountants

Kalpesh Jain

per Kalpesh Jain
Partner
Membership No.: 106406

Place: Mumbai
Date: June 07, 2018

For and on behalf of the Board of Directors of CMS Info Systems Limited

Ashish Agrawal

Ashish Agrawal
Director
DIN No.: 00163344

Rajiv Kaul
Whole Time Director and Chief Executive Officer
DIN No.: 02581313

Pankaj Khandelwal
Chief Financial Officer

Praveen Soni
Company Secretary

Place: Mumbai
Date: June 07, 2018

CMS INFO SYSTEMS LIMITED

Consolidated statement of changes in equity for the year ended March 31, 2018

(₹ in million)

Particular	Equity share capital	Reserve and surplus				Total equity
		Securities premium	Share based payment reserve (refer note 38)	Capital redemption reserve	Retained earnings	
As at March 31, 2016	1,480.00	42.87	-	150.50	3,149.18	4,822.55
Profit for the year	-	-	-	-	786.63	786.63
Other comprehensive income	-	-	-	-	(11.48)	(11.48)
Total Comprehensive income	-	-	-	-	775.15	775.15
Employee stock option compensation cost	-	-	136.13	-	-	136.13
As at March 31, 2017	1,480.00	42.87	136.13	150.50	3,924.33	5,733.83
Profit for the year	-	-	-	-	801.69	801.69
Other comprehensive income	-	-	-	-	8.73	8.73
Total Comprehensive income	-	-	-	-	810.42	810.42
Employee stock option compensation cost	-	-	196.95	-	-	196.95
As at March 31, 2018	1,480.00	42.87	333.08	150.50	4,734.75	6,741.20

Summary of significant accounting policies (Refer Note 2)

The accompanying notes form an integral part of the financial statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W / E300004
Chartered Accountants

per Kalpesh Jain
Partner
Membership No.: 106406

Place: Mumbai
Date: June 07, 2018

For and on behalf of the Board of Directors of CMS Info Systems Limited

Ashish Agrawal
Director
DIN No.: 00163344

Rajiv Kaul
Whole Time Director and Chief Executive Officer
DIN No.: 02581313

Pankaj Khandelwal
Chief Financial Officer
Place : Mumbai
Date: June 07, 2018

Praveen Soni
Company Secretary

CMS INFO SYSTEMS LIMITED

Notes to consolidated financial statements as at and for the year ended March 31, 2018

(Amount in ₹)

1. Corporate Information:

CMS Info Systems Limited (the 'Company' or the 'Holding Company' or the 'Parent') is a Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company became subsidiary of Sion Investment Holdings Pte. Limited (with effect from August 27, 2015), the ultimate Holding Company is Baring Private Equity Asia GP VI Limited pursuant to acquisition of 100% shares from Blackstone FP Capital Partners V Limited, Mauritius, CMS Computers Limited, Mr. Ramesh Grover and others (together known as 'erstwhile shareholders').

The Company and its subsidiaries (together known as the 'Group') is engaged in the business of providing ATM and Cash Management services, supply, installation and maintenance of ATM and cash deposit machines, and also engaged in card trading and personalization services. The registered office of the Company is located at Silver Metropolis, 11th Floor, Jay coach compound, opp Western Express Highway, Goregaon (East), Mumbai 400063

The consolidated financial statements ('CFS") were authorised for issue in accordance with a resolution of the directors on June 07, 2018.

2. Summary of significant accounting policies:

a) Basis of Preparation

The Group's CFS have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards), Rules, 2015, as amended under the provision of the Companies Act, 2013 (the 'Act') and subsequent amendments thereof. The CFS have been prepared under the historical cost basis except for certain financial assets and liabilities that have been measured at fair value (refer accounting policy regarding financial instruments).

The CFS are presented in Indian Rupees ('INR' or '₹') in million, which is also the Group's functional currency. The CFS are prepared on a going concern basis.

b) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle or expected to be realised within twelve months after the reporting period
- Held primarily for the purpose of trading
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when it is:

- Expected to be settled in normal operating cycle and is due to be settled within twelve months after the reporting period
- Held primarily for the purpose of trading
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities. The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified period of twelve months as its operating cycle.

c) Basis of consolidation and consolidation procedures:

The CFS comprise the financial statements of the Company and its subsidiaries as at March 31, 2018.

The list of entities, controlled by the group, which are included in the CFS are as under

Sr. No	Name of entities*	Percentage of ownership interest as at	
		March 31, 2018	March 31, 2017
1	Securitrans India Private Limited ('SIPL')	100	100
2	CMS Securitas Limited ('CSL')	100	100
3	CMS Marshall Limited ('CML')	100	100
4	Quality Logistics Services Private Limited	100	100
5	CMS Securitas Employees Welfare Trust ('CMS Trust')	100	100

* All entities are incorporated and have place of business in India

Control is achieved when the Group 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. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the CFS from the date the Group gains control until the date the Group ceases to control the subsidiary.

All the companies in the Group follow uniform accounting policies for like transactions and other events in similar circumstances. The financial statements of all entities used for the purpose of consolidation are drawn up to the same reporting date as that of the parent company, i.e., year ended on March 31, 2018.

Consolidation procedures:

(i) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiaries are based on the amounts of the assets and liabilities recognized in the CFS at the acquisition date.

(ii) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill / capital reserve.

(iii) Eliminate in full intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and Property, plant and equipment, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the CFS. Ind AS12 applies to temporary differences that arise from the elimination of profits and losses resulting from intra group transactions.

d) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises the purchase price and any cost attributable to bringing the asset to its working condition for its intended use. While deriving cost, refundable taxes and discounts are excluded. Borrowing cost relating to acquisition of tangible assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. Capital work in progress is stated at cost.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit or Loss as incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

The Group provides depreciation on property, plant and equipment using the straight line method at the rates computed based on the estimated useful lives of the assets as estimated by the management which are equal to the corresponding rates prescribed in Schedule II to the Act for all property, plant and equipment except for Vehicles (used for ATM and Cash Management business) and plant and machinery.

The Group has used the following lives to provide depreciation:

Category	Useful lives (in years)
Plant and machinery	7*
Electric installations	5 to 7
Furniture, fixtures and fittings	7
Vehicles (used for ATM and Cash Management business)	6*
Other vehicles	8
Office equipment	5
Computers servers and peripherals	3 to 6

*The Group, based on technical assessment made by technical expert and management estimate, depreciates certain items of plant and equipment and vehicle (used for ATM and Cash Management business) over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Leasehold improvements are depreciated on a straight line basis over the shorter of the estimated useful life of the asset or the lease term, which does not exceed 7 years.

The residual values, useful lives and method of depreciation and amortisation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets recognised in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for intangible assets with finite useful lives are reviewed at least at the end of each reporting period and adjusted prospectively, if appropriate.

Intangible assets are amortised on straight line basis over the estimated useful life as follows:

Particulars	Useful Life
Computer Software	3-6 years
Customer Contracts (fair value of business combination)	5 years
Customer Contracts (Purchased)	3 years
Non-Compete Fees	7 years

Gains or losses arising from derecognition 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 the Statement of Profit and Loss when the asset is derecognised.

Goodwill

Goodwill represents the excess of purchase consideration paid over the book value of net assets of CMS Computers Limited taken over by the Company in accordance with the Scheme of Arrangement with the CMS Computers Limited. The Scheme was effective from April 01, 2008. Goodwill is tested for impairment annually at the cash-generating unit level.

f) 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 estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount 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. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, wherever applicable, a long term growth rate is calculated and applied to projected future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

g) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

In case the Group determines that an arrangement at inception contains lease, the lease for accounting is classified into operating or finance lease. The consideration of the arrangement is separated at the inception of the arrangement, or upon a reassessment of the arrangement, into those for the lease and those for other elements on the basis of their relative fair values. If separation of consideration or future payments is impracticable, in case of operating lease the Company treats all payments under the arrangement as lease payments for the purposes of complying with the disclosure requirement.

Where the Group is the lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term unless the increase is linked with the increase in general inflation index.

Where the Group is the lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

h) Inventories

Inventories are valued at lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost of trading goods, stores and spares is determined on a weighted average basis. 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.

MUMBAI

l) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured regardless of a payment 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 taxes or duties collected on behalf of the government. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Sales tax, Service tax, Value added tax (VAT) and Goods and Service tax (GST) is not received by the Group on its own account. Rather, it is tax collected on value added to the commodity / services by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods:

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer usually on delivery of the goods.
Sale consideration is recognized at fair value and is net of returns and allowance and any discounts as per Ind AS 18.

Sale of services:

Revenue from ATM and cash management services, card personalisation services and allied operations is recognised when the required services are rendered in accordance with the contracts / agreements entered into with the customer and is disclosed net off deductions for shortages, etc. charged by the customers as per the terms of the agreement.

Revenue from annual maintenance contracts is recognised, over the period of the maintenance contract.

Revenue recognized, in excess of billing is classified as unbilled revenue; while billing in excess of revenue is classified as unearned revenue.

Sale of ATM Sites:

Revenue from sale of ATM sites is recognised based on customer acceptance received on completion of the ATM sites as per the terms of agreement with the customers.

Interest Income:

For all debt instruments measured either at amortised cost, interest income is recorded using the effective interest rate ('EIR'). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

j) Foreign currencies

Transactions in foreign currencies are initially recorded by the respective entities of the Group at their respective functional currency spot rates, at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised as income or expenses in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

k) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation other than the contribution payable to the provident fund. The Group recognises contribution payable to the provident fund scheme as expenses, when an employee renders the related service.
Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation done as per projected unit credit method, carried out by an independent actuary at the end of the year. The Group makes contributions tc a trust administered and managed by an insurance company to fund the gratuity liability. Under this scheme, the obligation to pay gratuity remains with the Group, although insurance company administers the scheme.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss - Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements and net interest expense or income.

Remeasurements comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the Statement of Profit and Loss in subsequent periods.

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end. The Group presents the leave as a short-term provision in the balance sheet to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Remeasurements, comprising of actuarial gains and losses, are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

l) Income taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in OCI or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI 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.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries, when 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.

Deferred tax assets are recognised for all tax deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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.

The carrying amount of deferred tax assets is reviewed at each reporting date 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 re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits 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 reporting date.

Deferred tax relating to items not recognised in the Statement of Profit and Loss is recognised either in OCI or in equity (where the item on which deferred tax is arising is recognised). Deferred tax on differences arising in business combination is recognised in Goodwill.

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.

m) Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders (after adjusting the cost recognised in the current year in relation to employee stock options schemes) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

n) Provisions

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Others

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 a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement, if any.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when 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.

o) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably.

p) Cash and cash equivalents

Cash and cash equivalent in the balance sheet and cash flow statement comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

q) Share based payment

Employees (including senior management) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity settled transaction

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and / or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions 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 equity instruments that will ultimately vest. The Statement of Profit and Loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest because non-market performance and / or service conditions have not been met. When an award is cancelled by the Group or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Statement of Profit and Loss.

r) Fair value measurement

The Group measures financial instruments, such as, investment in mutual funds unit at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1:	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2:	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3:	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as such as impairment testing of goodwill, non-current assets and fair value of employee stock options schemes. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

s) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

  (a) the Group has transferred substantially all the risks and rewards of the asset, or
  (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to Profit and Loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Group has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets which are not fair valued through profit or loss and equity instruments recognised in OCI. Loss allowance for trade receivables and insurance claim is measured at an amount equal to lifetime ECL at each reporting date, right from its initial recognition. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss.

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

t) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After 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 each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an 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 pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained. Goodwill is tested for impairment annually as at March 31 and when circumstances indicate that the carrying value may be impaired.

u) Rounding of amount:

Amount disclosed in the financial statements and notes have been rounded off to the nearest million as per the requirement of schedule III, unless otherwise stated

v) Cash dividend distribution to equity holders of the parent

The Company recognizes a liability to make cash distributions to equity holders of the parent when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

3. Significant accounting judgments, estimates and assumptions:

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Significant judgement:

Operating lease commitments – Group as lessee

The Group has entered into commercial property leases for its offices and premises. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset, that it does not retain all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Estimates

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. Future salary increases are based on expected future inflation rates. The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at interval in response to demographic changes. Refer note 28 for sensitivity analysis in relation to this estimate.

Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets.

Impairment of Goodwill

Goodwill is tested for impairment at-least on an annual basis and when events that occur / changes in circumstances - indicate that the recoverable amount of the CGU is less than its carrying value. The impairment indicators, the estimation of expected future cash flows and the determination of the fair value of CGU (including Goodwill) require the Management to make significant judgements, estimates and assumptions concerning the identification and validation of impairment indicators, fair value of assets, Revenue growth rates and operating margins used to calculate projected future cash flows, relevant risk-adjusted discount rate, future economic and market conditions, etc. For the details as to carrying amount of Goodwill and impairment testing (including related sensitivity analysis), refer note 32.

Share-based payments

The Group initially measures the cost of equity-settled transactions with employees using Black Scholes model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 38.

(₹ in million)

4 Property, plant and equipment

Particulars	Plant and machinery	Electrical installations	Furniture, fixtures and fittings	Vehicles	Office equipment	Leasehold improvements	Computers, servers and peripherals	Total
Gross block value as at March 31, 2016	232.90	54.35	143.86	1,571.36	76.25	51.44	267.07	2,397.23
Additions during the year	22.09	1.93	8.79	72.95	7.56	8.17	18.29	139.78
Assets acquired on business combination (refer note 33)	52.22	-	16.77	-	-	-	0.09	69.07
Deletions during the year	28.20	0.37	3.40	24.09	0.53	1.27	1.83	59.69
Gross block value as at March 31, 2017	279.01	55.91	166.02	1,620.22	83.28	58.34	283.61	2,546.39
Additions during the year	106.05	4.46	37.94	31.90	9.59	25.18	22.49	237.61
Deletions during the year	-	-	-	25.00	-	-	-	25.00
Gross block value as at March 31, 2018	385.06	60.37	203.96	1,627.12	92.87	83.52	306.10	2,759.00
Accumulated depreciation as at March 31, 2016	122.10	47.05	104.36	901.79	56.75	31.13	241.71	1,504.89
Depreciation for the year	34.20	2.93	17.58	202.71	6.25	7.65	17.95	289.27
Accumulated depreciation on disposals	26.35	0.35	2.70	22.33	0.38	0.96	1.64	54.71
Accumulated depreciation as at March 31, 2017	129.95	49.63	119.24	1,082.17	62.62	37.82	258.02	1,739.45
Depreciation for the year	40.66	3.00	15.53	191.61	8.12	7.13	14.87	280.92
Accumulated depreciation on disposals	-	-	-	24.41	-	-	-	24.41
Accumulated depreciation as at March 31, 2018	170.61	52.63	134.77	1,249.37	70.74	44.95	272.89	1,995.96
Net block as at March 31, 2017	149.06	6.28	46.78	538.05	20.66	20.52	25.59	806.94
Net block as at March 31, 2018	214.45	7.74	69.19	377.75	22.13	38.57	33.21	763.04

5 Intangible assets

Particulars	Computer software	Non-compete fees	Customer Contract	Total Other Intangible assets	Goodwill
Gross block value as at March 31, 2016	50.94	150.10	-	201.04	1,841.78
Additions during the year	5.11	-	6.63	11.74	-
Asset acquired on business combination (refer note 33)	-		-	-	5.90
Deletion during the year	-	-	-	-	-
Gross block value as at March 31, 2017	56.05	150.10	6.63	212.78	1,847.68
Additions during the year (refer note (ii) below)	16.24	-	16.52	32.76	-
Deletion during the year	-	-	-	-	-
Gross block value as at March 31, 2018	72.29	150.10	23.15	245.54	1,847.68
Accumulated amortisation as at March 31, 2016	40.09	102.81	-	142.90	-
Amortisation for the year	6.30	21.44	0.55	28.29	-
Accumulated amortisation as at March 31, 2017	46.39	124.25	0.55	171.19	-
Amortisation for the year	9.70	21.45	8.90	40.05	-
Accumulated amortisation as at March 31, 2018	56.09	145.70	9.45	211.24	-
Net block as at March 31, 2017	9.66	25.85	6.08	41.59	1,847.68
Net block as at March 31, 2018	16.20	4.40	13.70	34.30	1,847.68

Note:
(i) For details of assets given on Security (Refer Note 14)

(ii) During the year ended March 31, 2018 the Group entered into an agreement with Scientific Security Management Services Private Limited ('SSMS') to acquire business contracts of SSMS which includes business of ATM cash replenishment , first line maintenance activities.

MUMBAI

(₹ in million)

6 INVESTMENTS

	As at March 31, 2018	As at March 31, 2017
(a) Non-current investments		
Investments in equity shares of other companies (unquoted, fully paid up, at fair value through profit and loss)		
7,500 (March 31, 2017 : 7,500) Equity shares of ₹ 10 each, fully paid up, in Belapur Railway Station Complex Limited	0.08	0.08
(b) Current investments		
Investments in units of unquoted mutual fund (at fair value through profit and loss)		
Nil Units (March 31, 2017: 1,899,841 Units) in ICICI Prudential Liquid Plan- Daily Dividend	-	190.11
2,355.127 Units (March 31, 2017: Nil Units) in ICICI Prudential Liquid Plan- Growth	613.30	
99,729 Units (March 31, 2017 - Nil Units) of face value of ₹ 10 each in ICICI Prudential Short term Plan-	3.74	
250,520 Units (March 31, 2017 - Nil Units) of face value of ₹ 10 each in HDFC Corporate Debt Opportunities Fund Growth	3.74	
168,200 Units (March 31, 2017 - Nil Units) of face value of ₹ 10 each each in Aditya Birla Sun Life Medium term Plan-Growth	3.78	
881,870 Units (March 31, 2017: Nil Units) ABSL Savings Fund-Growth	200.12	-
807,286 (March 31, 2017: Nil Units) ABSL Banking and PSU Debt Fund Growth	50.70	
174,510 Units (March 31, 2017: Nil Units) ABSL Floating rate Fund STP-Growth	40.40	
	915.86	190.11
Aggregate amount of unquoted investments	915.94	190.19

7 OTHER FINANCIAL ASSETS

	Non-Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good				
Insurance claims receivable	31.05	5.32	35.83	90.50
Unbilled revenue	-	-	1,404.15	1,441.36
Funds held relating to cash management activity [refer note (i) below]	-	-	30.01	172.10
Balance in fixed deposit accounts with original maturity more than 12 months	11.91	12.22	-	-
Margin Money deposit [refer note (ii) below]	5.14	40.61	-	
Advances to employees	-	0.53	12.05	15.51
Sundry deposits	111.67	108.79	1.74	2.73
Accrued interest	-	-	1.57	0.58
	159.77	167.46	1,485.35	1,722.87
Unsecured, considered doubtful				
Advances to employees	0.45	0.45		
Sundry deposits	0.06	0.06	-	-
Insurance claims receivable	74.06	55.76	-	-
	74.57	56.27	-	-
	234.34	223.73	1,485.35	1,722.87
Less: Impairment allowance for doubtful assets and unbilled revenue	(74.57)	(56.27)	(22.01)	(24.07)
	159.77	167.46	1,463.34	1,698.80

Note:
(i) Funds held relating to cash management activity represents the net funds invested by the Company in one of the services of Cash management. These include Bank balances and Cash in Vaults as reduced by the amounts payable to customers.

(ii) Margin money deposits with carrying amount of ₹ 5.12 million (March 31, 2017 - ₹ 25.90 million) are subject to first charge to secure the Bank guarantees/ fixed deposits given by banks on behalf of the Company for pending court cases and deposits of ₹ 0.02 million (March 31, 2017 - ₹ 14.71 million) are subject to first charge to secure the facilities for Vaulting and ATM operations.

8 DEFERRED TAX ASSETS (NET)

	As at March 31, 2018	As at March 31, 2017
Deferred tax assets		
Impairment allowance for bad and doubtful receivables and unbilled revenue	143.42	152.84
Impairment allowance for doubtful advances	0.60	20.00
Provision for employee benefits	125.36	103.41
Employee stock option compensation cost	112.77	47.51
Others	38.93	29.00
Deferred tax (liabilities)		
Difference between depreciation and amortization as per books of account and tax depreciation	26.49	(6.56)
Deferred tax assets (net)	447.36	346.47

Deferred tax reconciliation

	As at March 31, 2018	As at March 31, 2017
Opening balance	346.47	236.04
Tax during the year recognised in statement of profit and loss	104.68	107.68
Tax during the year recognised in OCI	(3.79)	5.04
Tax on fair value of assets acquired on business combination recognised in goodwill	-	(2.29)
Closing balance	447.36	346.47

Tax reconciliation	As at March 31, 2018	As at March 31, 2017
Particulars		
Accounting profit before income tax	1,215.75	1,201.74
At statutory income tax rate of 34.608% (March 31, 2017: 34.608%)	420.75	415.90
Difference in tax rates between subsidiaries and Holding Company	(0.41)	(0.76)
Effect of change in tax rate	-	(2.49)
Effect of non-deductible items under tax laws	(6.31)	17.10
Adjustments in respect of current income tax of previous years	0.03	(14.65)
At the effective income tax rate of 34.06% (March 31, 2017: 34.54%)	414.06	415.11
Income tax expense reported in the statement of profit and loss	414.06	415.11

(₹ in million)

9 OTHER ASSETS

	Non-current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good				
Advances recoverable in kind or for value to be received	31.42	31.69	179.29	73.93
Capital advances	1.02	11.03	–	–
Receivable from Government Authorities	44.78	44.78	72.72	114.40
Prepaid expenses	4.81	11.64	39.57	44.81
Others	–	20.87	–	–
	82.03	120.01	291.58	233.14
Unsecured, considered doubtful				
Advances recoverable in kind or for value to be received	1.98	3.48	–	
Less: Impairment allowance for doubtful advances	(1.98)	(3.48)	–	–
	82.03	**120.01**	**291.58**	**233.14**

10 INVENTORIES

	As at March 31, 2018	As at March 31, 2017
Valued at lower of cost and net realisable value		
Trading goods (refer note below)	168.10	62.03
Stores and spares	68.37	46.67
	236.47	**108.70**

Note:
Trading stock includes stock at ATM sites which are not installed as at March 31, 2018 amounting to ₹8.24 million (March 31, 2017 - ₹ 30.16 million)

11 TRADE RECEIVABLES

	As at March 31, 2018	As at March 31, 2017
Unsecured		
Considered good	2,340.77	2,285.38
Less : Impairment allowance for bad and doubtful receivables	(392.41)	(417.55)
	1,948.36	**1,867.83**

12 CASH AND BANK BALANCES

	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents		
Balances with banks		
On current accounts	180.93	92.12
in deposits account with original maturity of less than three months	445.36	7.12
Cheques in hand	56.15	100.02
Cash on hand	3.16	5.46
	685.60	**204.72**
Other bank balances		
in deposits account with original maturity for more than 12 months	4.49	-
in deposits account with original maturity for less than 12 months	1.98	-
Margin money deposits (refer note (i) below)	81.50	55.40
	87.97	**55.40**

Margin money deposits given as security
(i) Margin money deposits with carrying amount of ₹ 47.84 million (March 31, 2017 - ₹ 35.33 million) are subject to first charge to secure the Bank Guarantees/Fixed Deposits given by banks on behalf of the Company for pending court cases and deposits of ₹ 33.66 million (March 31, 2017 - ₹ 20.07 million) are subject to first charge to secure the facilities for Vaulting and ATM operations.

CMS INFO SYSTEMS LIMITED

Notes to consolidated financial statements as at and for the year ended March 31, 2018

(₹ in million)

13a SHARE CAPITAL

	As at March 31, 2018	As at March 31, 2017
Authorised shares		
173,000,000 (March 31, 2017 - 148,000,000) equity shares of ₹ 10 each	1,730.00	1,480.00
1,500,000 (March 31, 2017 - 1,500,000) 0.01% Optionally convertible cumulative redeemable preference shares of ₹ 100 each	150.00	150.00
	1,880.00	1,630.00
Issued, subscribed and fully paid up shares:		
148,000,000 (March 31, 2017- 148,000,000) equity shares of ₹ 10 each)	1,480.00	1,400.00

(i) Terms and rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend which is approved by the Board of Directors.

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

(ii) Details of shares held by the holding Company and other shareholders in the Company including details of shareholders holding more than 5% shares in the Company

Name of the Shareholder	As at March 31, 2018		As at March 31, 2017	
	No of Shares	% Shareholding	No of Shares	% Shareholding
Equity shares of ₹ 10 each fully paid up				
Sion Investment Holdings Pte. Limited (holding company)	147,999,994	99.99%	147,999,994	99.99%
Total	147,999,994		147,999,994	

Notes:

As per records of the Company, including its register of share holders / members and other declarations received from shareholders regarding beneficial interest, the above share holding represents both legal and beneficial ownership of shares.

(iii) Shares reserved for issue under options

For details of options alloted under employee stock option schemes, refer note 38

13b Other equity

	As at March 31, 2018	As at March 31, 2017
Securities premium		
Opening balance	42.87	42.87
Add: Securities premium on shares issued during the year		
Closing balance	42.87	42.87
Share based payment reserve (refer note 38)		
Opening balance	136.13	-
Add: Employee stock option compensation cost during the year	196.95	[illegible]
Closing balance	333.08	[illegible]
Capital redemption reserve		
Opening balance	150.50	[illegible]
Add: Transferred during the year	-	-
Closing balance	150.50	[illegible]
Retained earnings		
Opening balance	3,924.33	[illegible]
Add: Net Profit after tax transferred from statement of Profit and loss	801.69	[illegible]
Other comprehensive income	8.73	(11.48)
Closing balance	4,734.75	[illegible]
Total	5,261.20	4,253.82

(₹ In million)

14 BORROWINGS

	Non-current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
(A) LONG-TERM BORROWINGS				
Term loans from banks				
Secured				
Vehicle loans [refer note (i) below]	-	15.31	-	52.28
The above amount includes	-	15.31	-	52.28
Amount disclosed under the head "Other financial liabilities" (refer note 15)	-	-	-	(52.28)
	-	15.31	-	-

(B) SHORT-TERM BORROWINGS

	As at March 31, 2018	As at March 31, 2017
Secured		
Cash credit facilities with banks [refer note (ii) below]	-	30.24
Vehicle loans [refer note (i) below]	-	2.84
	-	33.08

Notes:

i) Vehicle loans: Repayable in 12 to 36 equated monthly instalments, secured by exclusive charge on vehicles procured from such loans. The loans carry interest @ 8.50% to 10.67% p.a. (March 31, 2017 : interest @ 6.90% to 10.67% p.a).

ii) Cash credit facilities with various banks are secured by hypothecation of current assets and second charge on movable fixed assets of the Company. These are repayable on demand and carry rate of interest @ 8.80% to 12.55% p.a. (March 31, 2017 - 8.80% to 12.00% p.a).

15 FINANCIAL LIABILITIES

	Current	
	As at March 31, 2018	As at March 31, 2017
Trade payables	639.20	695.89
<u>Other financial liabilities</u>		
Current maturities of long term borrowing (refer note 14)	-	52.28
Capital Creditors	51.13	6.80
Interest accrued but not due on borrowings	-	0.32
Payable to employees	456.07	388.27
Accrued expenses	837.79	482.16
Advance from customers	-	11.50
Payable to Systime Computers Limited	-	99.43
Book overdraft	1.02	24.19
	1,346.01	1,064.95

16 PROVISIONS

	Non-Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits				
For Gratuity (refer note 28)	54.28	54.68	79.09	73.41
For compensated absences	-	-	45.95	45.64
Other provisions				
Provision for warranty (refer note 36)	0.43	2.77	4.94	29.67
	54.71	57.45	129.98	148.72

17 OTHER CURRENT LIABILITIES

	As at March 31, 2018	As at March 31, 2017
Other payables		
Statutory liabilities	114.23	55.43
Unearned revenue	1.59	-
	115.82	55.43

(₹ in million)

18 REVENUE FROM OPERATIONS

	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of ATM and ATM Sites	360.40	899.72
Sale of products	294.58	261.84
Sale of services	9,121.64	8,912.93
Revenue from operations	**9,776.62**	**10,074.49**
Details of products sold		
ATM spares	163.57	138.10
Cards	128.62	118.90
Others	2.39	4.84
	294.58	**261.84**
Details of services rendered		
ATM and Cash management services	8,325.38	8,274.06
AMC services	535.62	310.92
Card Personalisation	260.64	327.95
	9,121.64	**8,912.93**

19 FINANCE INCOME

	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest income on		
Bank deposits	11.24	13.71
Security deposits measured at amortised cost using 'EIR' basis	2.77	5.87
Others	1.80	0.50
	15.81	**20.08**

20 OTHER INCOME

	For the year ended March 31, 2018	For the year ended March 31, 2017
Sundry credit balances written back	8.72	11.01
Profit on sale of property, plant and equipment (net)	2.71	-
Bad debts written back	29.61	-
Foreign exchange Gain (net)	4.41	-
Gain on fair value / sale of current investments	15.11	0.11
Miscellaneous income	1.12	10.70
	61.68	**21.82**

21 PURCHASE OF TRADED GOODS

	For the year ended March 31, 2018	For the year ended March 31, 2017
Purchase of traded goods	512.60	668.60
Details of purchases		
ATM	371.10	45.65
AC / UPS (used for ATM sites)	43.06	533.72
Others	98.44	89.23
	512.60	**668.60**

22 DECREASE IN INVENTORIES

	For the year ended March 31, 2018	For the year ended March 31, 2017
Inventories at the end of the year		
Traded goods	168.10	62.03
	168.10	62.03
Inventories at the beginning of the year		
Traded goods	62.03	210.31
	62.03	210.31
	(106.07)	**148.28**

(₹ in million)

23 EMPLOYEE BENEFIT EXPENSE

	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, wages and bonus	1,930.23	1,935.00
Contribution to provident and other funds (refer note 28)	150.11	148.98
Share based payments to employees (refer note 38)	196.95	136.13
Gratuity expense (refer note 28)	33.46	29.89
Staff welfare expenses	49.00	43.90
	2,359.75	2,293.90

24 FINANCE COSTS

	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest on borrowings	11.67	74.46
Interest on others	0.05	1.38
Unwinding of discount on warranty (note 36)	2.29	3.29
	14.01	79.13

25 OTHER EXPENSES

	For the year ended March 31, 2018	For the year ended March 31, 2017
Service and security charges	2,473.57	2,355.43
Vehicle maintenance, hire and fuel cost	1,103.74	1,059.92
Conveyance and traveling expenses	607.30	660.20
Consumption of stores and spares	222.10	272.47
Lease rentals (refer note 29)	219.43	180.00
Insurance	104.53	103.32
Legal, professional and consultancy fees	93.27	70.54
Communication costs	56.39	66.85
Power and electricity charges	55.30	54.87
Cash disposal charges	49.86	49.39
Freight and forwarding charges	49.77	47.97
Cash lost in transit	28.18	5.70
Trade receivables written off	245.21	133.26
Less : Out of the provision of earlier years	(245.21)	(131.63)
Impairment allowance for trade receivables	218.01	271.12
Impairment allowance for doubtful insurance claims	18.30	-
Repairs and maintenance - Buildings	0.73	0.08
- Plant and machinery	0.81	0.28
- Others	32.26	34.95
Payment to auditors (Refer Note (I) below)		
As auditors:		
Audit Fees	11.06	11.36
Reimbursement of expenses	0.14	0.10
Miscellaneous expenses	192.35	160.99
	5,537.10	5,407.17

Note:

(I) Payment to auditors doesn't include fees towards DRHP related services in relation to the planned intial public offer of the Company amounting to ₹18.41 million (inclusive of goods and services tax). The amount is recoverable from the selling shareholders and classified as Advances recoverable in kind or for value to be received under Note 9.

(₹ in million)

26. Earnings Per Share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

Particulars	March 31, 2018	March 31, 2017
Profit for the year attributable to equity shareholders	801.69	786.63
Weighted average number of equity shares for Basic EPS	148,000,000	148,000,000
Weighted average number of equity shares on account of Employees' stock option scheme for dilutive impact	2,184,158	-
Weighted average number of equity shares for diluted EPS	150,184,158	148,000,000
Earnings Per Share		
Basic (in ₹)	5.42	5.31
Diluted (in ₹)	5.34	5.31

27. Non-current advances recoverable in cash or kind advances includes ₹ 18.37 million (March 31, 2017 – ₹ 13.62 million) relating to the recoveries made by the Legal authorities in form of cash as well as property in various cases which are presently pending at different stages of completion. These amounts are recovered from the accused who have allegedly committed thefts / robberies and will be handed over to the group subject to completion of the criminal proceedings. Based on the group's previous experience, documentation in respective cases and legal opinion obtained, the group believes that these amounts are fully recoverable.

28. Employee benefits

Defined contribution plan

During the year ended March 31, 2018 and March 31, 2017 the Group contributed the following amounts to defined contribution plans:

Particulars	March 31, 2018	March 31, 2017
Provident fund and Employees family pension scheme	101.54	103.66
Employees' State Insurance Corporation	48.57	45.32
Total	**150.11**	**148.98**

Defined benefit plan

As per The Payment of Gratuity Act, 1972, the Group maintains a defined benefit gratuity plan. Every employee who has completed five years or more of service gets gratuity on departure at 15 days' salary (last drawn salary) for each completed year of service. The Group (other than Securitrans India Private Limited, where the scheme is managed on an unfunded basis) has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Group. Any deficit in the assets arising as a result of such valuations is funded by the Group. The Group has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Company, as part of the policy rules, makes payment of all gratuity outgoes happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Group is exposed to movement in interest rate in particular, the significant fall in interest rates, which should result in an increase in liability without corresponding increase in the asset.

(₹ in million)

The following table's summaries the components of benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the balance sheet for the gratuity plan of the Group.

Statement of Profit and Loss- Net employee benefits expense (recognised in employee cost)

Particulars	March 31, 2018	March 31, 2017
Current service cost	21.57	21.04
Past service cost	2.85	-
Net interest cost	9.04	8.85
Expenses recognised in the Statement of Profit and Loss	**33.46**	**29.89**

Net employee benefits expense (recognised in other comprehensive income)

Particulars	March 31, 2018	March 31, 2017
Actuarial losses / (gains)		
- change in demographic assumptions	-	(1.72)
- change in financial assumptions	(5.11)	8.78
- experience variance (i.e. actual experience vs assumptions)	(8.37)	10.11
- Return on plan assets, excluding amount recognized in net interest expense	0.96	(0.65)
Components of defined benefit cost recognized in other comprehensive income	**(12.52)**	**16.52**

Balance Sheet: Details of net benefit obligation and fair value of plan assets:

Particulars	March 31, 2018	March 31, 2017
Present value of obligation	165.71	159.10
Fair value of plan asset	32.34	31.01
Net liability	**133.37**	**128.09**

Changes in present value of obligation

Particulars	March 31, 2018	March 31, 2017
Present value of obligation at the beginning	159.10	141.64
Current service cost	21.57	21.04
Interest expense	11.33	11.03
Re-measurement (gain) / loss arising from		
- change in demographic assumptions	-	(1.72)
- change in financial assumptions	(5.11)	8.78
- experience variance (i.e actual experience vs assumptions)	(8.37)	10.11
Past service cost	2.85	-
Benefits paid	(15.66)	(31.78)
Present value of obligation at the end	**165.71**	**159.10**

Changes in the fair value of plan asset are as follows:

Particulars	March 31, 2018	March 31, 2017
Fair value of plan assets at the beginning	31.01	28.18
Investment income	2.29	2.18
Benefits paid	-	-
Re-measurement gain / (loss) arising from		
Return on plan assets, excluding amount recognised in net interest expense	(0.96)	0.65
Fair value of plan assets as at the end	**32.34**	**31.01**

(₹ in million)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	March 31, 2018	March 31, 2017
Investment with insurer	100%	100%

The Group expects to contribute ₹ Nil (March 31, 2017 - ₹ 5 million) to gratuity fund during the annual period beginning after balance sheet date.

The following is the maturity profile of the Group s defined benefit obligation

Particulars	March 31, 2018	March 31, 2017
Weighted average duration (based on discounted cash flows)	8 to 11 years	8 to 12 years

Group's expected cash flows over the next (on undiscounted basis)	March 31, 2018
1 year	17.62
2 to 5 years	62.81
6 to 10 years	74.27
More than 10 years	208.12

The principal assumptions used in determining gratuity benefit obligations for the Group's plan are shown below:

Particulars	March 31, 2018	March 31, 2017
Discount rate	7.50% - 7.65%	6.90%
Salary Growth rate	5% - 7%	5.00%
Employee Attrition rate		
- Less than 5 years of service	25%	25%
- More than 5 years of service	5% - 10%	5% - 10%

The estimates of future salary increases, considered in actuarial valuation, takes in account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

A quantitative sensitivity analysis for the significant assumptions on defined benefit obligation as at March 31, 2018 is as shown below:

	March 31, 2018		March 31, 2017	
Particulars	Decrease	Increase	Decrease	Increase
Discount Rate (-/+1%)	14.73	(12.81)	14.83	(12.83)
(% change compared to base due to sensitivity)	8.94%	-7.77%	9.32%	-8.06%
Salary Growth Rate (-/+1%)	(13.05)	14.66	(12.89)	14.58
(% change compared to base due to sensitivity)	-7.92%	8.89%	-8.10%	9.16%
Attrition Rate (-/+ 50% of attrition rates)	(7.97)	4.48	(6.08)	3.19
(% change compared to base due to sensitivity)	-4.84%	2.72%	-3.82%	2.01%
Mortality Rate (-/+10% of Mortality rates)	(0.09)	0.09	(0.07)	0.07
(% change compared to base due to sensitivity)	-0.05%	0.05%	-0.05%	0.05%

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of reporting period.

(₹ in million)

Other long term employee benefits

In accordance with its leave policy, the Group has provided for leave encashment on the basis of an actuarial valuation carried out by an independent actuary at the end of the year.

29. Operating Leases

Group as lessee:

The Group has office premises under operating lease agreements, which expire at various dates through financial year ended March 31, 2029. These agreements are generally renewable by mutual consent. Some of the lease agreements have a price escalation clause. There are no restrictions imposed in these lease agreements.

Lease payments under operating lease recognized for the year are ₹ 219.43 million (March 31, 2017 - ₹ 180.00 million).

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

Particulars	March 31, 2018	March 31, 2017
Within one year	113.33	125.35
After one year but not more than five years	307.04	376.96
More than five years	62.14	86.45
Total	**482.51**	**588.76**

Group as lessor:

Operating lease receivables

The Group has entered into lease arrangement for its ATM management service business. The lease at inception is classified as operating lease. These leases have terms ranging between five and seven years. Future minimum rentals receivable under non-cancellable operating leases are, as follows:

Particulars	March 31, 2018	March 31, 2017
Within one year	52.96	51.61
After one year but not more than five years	172.22	204.36
More than five years	-	21.63
Total	**225.18**	**277.60**

During the current year, the Group has recognised ₹ 139.03 million (March 31, 2017 - ₹ 30.16 million) as income in relation to the above arrangements. The above lease rentals are fixed monthly fees; additionally there is transactions linked fees billable to the customer. The separation of consideration or future payments for lease and other elements is impracticable accordingly all fixed payments under the arrangement are treated as lease payments for the purposes of complying with the disclosure requirement.

(₹ in million)

The following are the details of the fixed assets given on operating lease:

Particulars	March 31, 2018	March 31, 2017
Gross block value as at March 31, 2018	205.59	91.28
Less: Accumulated Depreciation as at March 31, 2018	(28.92)	(22.35)
Net block value as at March 31, 2018	**176.67**	**68.93**
Depreciation for the year	22.43	5.94

30. Related party disclosures

(a) Names of related parties and related party relationship

Related parties where control exists	
Ultimate Holding Company	Baring Private Equity Asia GP VI Limited
Parent of Holding Company	Baring Private Equity Asia VI Holdings Pte. Limited
Entities under common control	Vault Co-Investment Vehicle L.P.
Holding Company	Sion Investment Holdings Pte. Limited
Other Related parties	
Key Management Personnel (KMP)	**Whole Time Director & Chief Executive Officer** - Mr. Rajiv Kaul **Chief Financial Officer** - Mr. Pankaj Khandelwal **Non-Executive Independent Director** - Mr. Gopal Krishna Pillai - Mr. Krzysztof Wieslaw Jamroz - Mrs. Shyamala Gopinath (w.e.f. November 13, 2017)

(b) Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. These transactions are approved by the Audit Committee of Board of Directors of the Holding Company. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. The Group has not recorded any impairment of receivables relating to amounts owed by related parties during the year ended March 31, 2018, and March 31, 2017. This assessment is undertaken in each financial year through examining the financial position of the related party and the market in which the related party operates.

(₹ in million)

30 (c) Details of transactions with related parties:

	Transactions		Receivable / (Payable)	
	For the year ended		As at	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Remuneration to KMP (short-term employee benefits)				
Mr. Rajiv Kaul	47.69	42.74	(17.00)	(25.80)
Mr. Pankaj Khandelwal	9.73	9.86	(2.05)	(2.05)
Mr. Gopal Krishna Pillai	1.10	1.10	(0.53)	(0.75)
Mrs. Shyamala Gopinath	0.80	-	(0.80)	
Mr. Krzysztof Wieslaw Jamroz	1.10	1.10	(0.53)	(0.47)
Employee stock option compensation cost				
Mr. Rajiv Kaul	147.26	111.13	-	-
Mr. Pankaj Khandelwal	6.30	3.38	-	-
Sitting fees paid to Directors				
Mr. Gopal Krishna Pillai	0.40	0.40	-	-
Mrs. Shyamala Gopinath	0.10	-	-	-
Mr. Krzysztof Wieslaw Jamroz	0.40	0.40	-	-
IPO Expenses recoverable				
Sion Investment Holdings Pte. Limited	81.08	-	-	-
Balances outstanding at the year end				
Sion Investment Holdings Pte. Limited	-	-	81.08	-

Notes:

As the future liability for gratuity and compensated absences is provided on an actuarial basis for the Company as a whole, the amount pertaining to KMP's is not ascertainable separately and, therefore not included above.

(₹ in million)

31. Contingent liabilities and Capital commitments

a) Contingent Liabilities:

Particulars	March 31, 2018	March 31, 2017
Claims against the group not acknowledged as debt		
a) Disputed Customs matters*	42.78	42.78
b) Disputed VAT matters*	9.71	-
c) Claims against Group not acknowledged as debt	17.41	18.91
Total	**69.90**	**61.69**

*In relation to the matters of customs duty and VAT listed above, the Group is contesting the demands from the Government Departments. The management, including its tax and legal advisors, believe that its position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for these demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Group's financial position and results of operations.

b) During the year 2016-17, one of the customer withheld the amounts due to SIPL, subsidiary of the Company for providing cash replenishment services on account of an alleged instance of misappropriation by two employees of SIPL. Since the parties failed to resolve the dispute amicably, SIPL served a notice of pending dues to the customer on January 17, 2017. SIPL and the customer have appointed their respective arbitrators and the matter is currently pending before arbitration Tribunal and the management is confident of recovering the entire amount.

Considering the litigation involved, the Company has provided for doubtful receivables based on the best judgment assessment of the case. The management believes that the provision made in the books is sufficient to cover the liability for loss, if any, which would be confirmed only after the final result of the litigation.

Since the matter is under litigation, the disclosures required as per the provisions of Ind AS 37 relating to the provisions made are not given as it is expected to prejudice seriously the position of the Company with regards to the litigation.

c) The estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2018 is ₹ 2.91 million (March 31, 2017: ₹ 12.20 million).

32. Impairment test of Goodwill

Goodwill acquired through business combinations have indefinite lives. Out of the total Goodwill of the Group, the material amount of goodwill is allocated to the following segments:

a) ₹ 694.25 million (March 31, 2017: ₹ 694.25 million), relates to the Cash Management division of the Holding Company.

b) ₹ 1,147.52 million (March 31, 2017: ₹ 1,147.52 million), relates to one of the subsidiary- "Securitrans India Private Limited".

The Group performed its annual impairment test for years ended March 31, 2018 and March 31, 2017 (hereinafter reference date is generally based on year-end). The Group considers the relationship between its value in use and its carrying value, among other factors, when reviewing for indicators of impairment.

The recoverable amount of the goodwill is determined based on a value in use ('VIU') calculated using cash flow projections from financial budgets approved by management covering a period of five year period and the terminal value (after considering the relevant long-term growth rate) at the end of the said forecast periods. The Group has extrapolated cash flows beyond 5 years using a growth rate of 4.5% for the year ended March 31, 2018 and March 31, 2017 for both CGU's tested for impairment. The pre-tax discount rate applied to the cash flow projections for impairment testing is 13.7% for March 31,2018

(March 31, 2017: 13.7%), for the cash management of the Holding company and 12.1% (March 31, 2017:12%,) for the cash subsidiary - Securitrans India Private Limited.

The said cash flow projections are based on the senior management past experience as well as expected met trends for the future periods. The projected cash flows have been updated to reflect the decreased demand for products and services. The calculation of weighted average cost of capital (WACC) is based on the Group's estimated capital structure as relevant and attributable to the CGU. The WACC is also adjusted for specific risks, market risks and premium, and other inherent risks associated with similar type of investments to arrive at an approximation of the WACC of a comparable market participant. The said WACC being pre-tax discount rates reflecting specific risks relating to the relevant CGUs, are then applied to the above mentioned projections of the estimated future cash flows to arrive at the discounted cash flows.

The key assumptions used in the determination of VIU are the revenue annual growth rates and the EBITDA growth rate.

Based on the above assumptions and analysis, no impairment was identified for any of the CGUs as at March 31, 2018. Further, on the analysis of the said calculation's sensitivity to a reasonably possible change in any of the above mentioned key assumptions / parameters on which the Management has based determination of the CGU's recoverable amount, there are no scenarios identified by the Management wherein the CGU's carrying value could exceed its recoverable amount.

33. Business combinations

On October 31, 2016, the Holding company acquired the ATM management service business of Clover Transaction Systems Private Limited, a Company based in Mumbai for ₹ 65.50 million. The fair values of the identifiable assets and liabilities on the date of acquisition were as follows:

Assets acquired and liabilities assumed	₹ in million
Assets	
Property, plant and equipment	69.07
Customer contracts (Intangible assets)	6.63
Trade receivables	11.72
Other financial assets	0.67
Other assets	4.61
Total assets acquired	**92.70**
Liabilities	
Trade payables	2.25
Other financial liabilities	17.67
Other liabilities	10.89
Deferred tax liability	2.29
Total Liabilities assumed	**33.10**
Net assets assumed	**59.60**
Total purchase consideration	**65.50**
Goodwill on acquisition	**5.90**

(₹ in million)

34. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities.

Quantitative disclosures fair value measurement hierarchy as at March 31, 2018

	Cost	Fair value	Level 1	Level 2	Level 3
Assets measured at fair value					
FVTPL financial investments					
Investment in unquoted mutual fund units	910.50	915.86	-	915.86	-
Investment in unquoted equity shares	0.08	0.08	-	0.08	-

Quantitative disclosures fair value measurement hierarchy as at March 31, 2017

	Cost	Fair value	Level 1	Level 2	Level 3
Assets measured at fair value					
FVTPL financial investments					
Investment in unquoted mutual fund units	190.00	190.11	-	190.11	-
Investment in unquoted equity shares	0.08	0.08	-	0.08	-

The fair value for the investments is arrived at with reference to the Net asset value (NAV) of the mutual fund unit as disclosed by the Asset Management Company.

The management assessed that cash and cash equivalents, trade receivables, trade payables, short-term borrowings, bank overdrafts and other current financial assets and financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Further the difference between carrying amount and fair value of insurance receivables, deposit measured at amortised cost is not significantly different in each of the year presented.

Break up of financial assets carried at amortised cost

Particulars	March 31, 2018	March 31, 2017
Trade receivables	1,948.36	1,867.83
Cash and cash equivalents	665.60	204.72
Other bank balances	87.97	55.40
Other financial assets	1,623.12	1,866.25
Total financial assets carried at amortised cost	**4,325.05**	**3,994.20**

Break up of financial liabilities carried at amortised cost

Particulars	March 31, 2018	March 31, 2017
Borrowings	-	100.67
Trade payables	639.20	695.89
Other financial liabilities	1,346.01	1,012.67
Total financial liabilities carried at amortised cost	**1,985.21**	**1,809.23**

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

(₹ in million)

35. Financial risk management objectives and policies

The Group through it operations is exposed to interest risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The senior management reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk – Interest rates

No interest rate hedging instruments were entered in the current year or the previous year. In respect of the cash credit facilities and working capital demand loan taken these facilities are taken for a short term and hence potential interest rate fluctuation would have an insignificant effect.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables).

Trade receivables

Customer credit risk is managed by the Group's established policy. To minimise the risk from the counter parties the group enters into financial transaction with counter parties who are major names in the industry.

A significant risk in respect of receivables is related to the default risk and credit risk. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of receivables disclosed in Note 11. The Group does not hold collateral as security.

Credit risk is the risk of financial loss to the Group if a customer or counter-party fails to meet its contractual obligations. Trade receivables concentration of credit risk with respect to trade receivables are limited, due to the Group's customer base being large and diverse. The credit risk assessed is based on the group's historical experience of collecting receivables. Hence, trade receivables are considered to be a single class of financial assets.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash credit, working capital demand loan and bank loans. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2018:

Particulars	On demand	Within 1 year	1 to 5 years	Total
Borrowings	-	-	-	-
Trade payables	-	639.20	-	639.20
Other financial liabilities	-	1,346.01	-	1,346.01
Total	-	**1,985.21**	-	**1,985.21**

(₹ in million)

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2017:

Particulars	On demand	Within 1 year	1 to 5 years	Total
Borrowings	30.24	55.12	15.31	100.67
Trade payables	-	695.89	-	695.89
Other financial liabilities	-	1,012.67	-	1,012.67
Total	**30.24**	**1,763.68**	**15.31**	**1,809.23**

Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 0% and 15%. The Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents, excluding discontinued operations. In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. The Group does not have any loans outstanding as at March 31, 2018. It has taken adequate credit facilities from various banks to maintain its liquidity.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2017

36. Provision for warranty

A provision of ₹ 5.37 million as at March 31, 2018 (March 31, 2017: ₹ 32.44 million) is carried against expected warranty claims on sale of ATM sites and related products as at March 31, 2018. The provision is recognized based on historical experience and expected costs that will be incurred on providing repairs and maintenance services during the warranty period. Assumptions used to calculate the provision for warranty is based on current sales levels and current information available based on the warranty period for the ATM sites and related products sold. The table below gives information about movement in warranty provision during the year ended March 31, 2018

Particulars	March 31, 2018	March 31, 2017
At the beginning of the year	32.44	45.73
Arising during the year	3.05	7.26
Utilized during the year	(32.41)	(23.84)
Unwinding of finance cost	2.29	3.29
At the end of the year	**5.37**	**32.44**

37. Segment

The segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products sold and services rendered. The operating businesses are organised and managed separately according to the nature of the products sold and services rendered, with each segment representing a strategic business unit that offers different products and services. For management purposes, the Group is organized into business units based on the nature of services rendered and products sold into the following reportable segments

a) Cash management services include ATM services; Cash delivery and pick-up, Network cash management services (together known as "Retail cash management services") and other related services

b) Managed services division includes income from sale of ATM and ATM sites and related products and maintenance services.

c) Others mainly includes revenue from trading in card and card personalization services.

No operating segments have been aggregated to form the above reportable operating segments. The Board of Directors of the Group monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. However, the Group's financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

Adjustments and eliminations
Finance income and costs, and fair value gains and losses on financial asset are not allocated to individual segments as the underlying instruments are managed on a group basis.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on group basis.

Capital Expenditure consists of addition of property, plant and equipment, intangible assets and capital advances.

CMS INFO SYSTEMS LIMITED
Notes to consolidated financial statements as at and for the year ended March 31, 2018
(₹ in million)

37. Segment information

Particulars	Cash management services		Managed services		Others		Total	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
(a) Segment Revenue								
External Sales	8,307.75	8,230.37	1,079.61	1,397.26	389.26	446.86	9,776.62	10,074.49
Inter-segment Sales	-	-	-	-	-	-	-	-
Total segment Revenue	8,307.75	8,230.37	1,079.61	1,397.26	389.26	446.86	9,776.62	10,074.49
(b) Segment result	1,404.01	1,293.85	129.99	173.15	115.39	117.68	1,649.39	1,584.68
Less: Unallocated corporate expenses							(497.12)	(345.69)
Operating Profit							1,152.27	1,238.99
Add: Other Income							61.68	21.82
Less: Finance costs							14.01	79.13
Add: Finance Income							15.81	20.08
Profit before tax							1,215.75	1,201.76
Less: tax expenses							414.06	415.11
Profit after tax							801.69	786.64
(c) Segment assets	5,740.85	5,766.45	765.22	728.99	94.74	180.78	6,600.81	6,676.22
Unallocated corporate assets							2,426.11	1,160.10
Total Assets	5,740.85	5,766.45	765.22	728.99	94.74	180.78	9,026.92	7,836.32
(d) Segment liabilities	1,457.25	1,210.08	578.97	483.60	35.61	62.34	2,071.82	1,756.02
Unallocated corporate liabilities							213.91	346.48
Total Liabilities	1,457.25	1,210.08	578.97	483.60	35.61	62.34	2,285.73	2,102.50
(e) Capital Expenditure	107.47	123.53	127.57	91.92	4.60	4.06	239.64	219.51
Unallocated corporate expenditure							6.06	0.19
Total capital expenditure	107.47	123.53	127.57	91.92	4.60	4.06	245.70	219.70
(f) Depreciation and amortisation	273.92	291.41	29.55	13.36	11.87	11.62	315.34	316.39
Unallocable depreciation and amortisation							5.63	1.18
Total depreciation and amortisation	273.92	291.41	29.55	13.36	11.87	11.62	320.97	317.57
(g) Non-cash expenses other than depreciation	214.31	238.39	22.00	31.73	-	1.00	236.31	271.12
Unallocable non-cash expenses other than depreciation							196.95	136.13
Total non-cash expenses other than depreciation							433.26	407.25

Note:

Information about major customers

a) Revenue for the year ended March 31, 2018 includes revenue from one customer amounting to ₹ 1469 million representing 15% of the Company's total revenue.(Cash management services - ₹ 1469 million)

b) Revenue for the year ended March 31, 2017 includes revenue from one customer amounting to ₹1,092 million representing 11% of the Company's total revenue. (Cash management services - ₹ 1,092 million)

(₹ in million)

38. Employee Stock Option Schemes

The Holding company has granted stock options to its employees through its equity settled schemes referred to as Employee Stock Option Scheme 2016, CEO Stock Option Scheme 2016 and Management Scheme 2016. Following are details of the scheme:

Particulars	Employee Scheme	CEO Scheme	Management Scheme
Number of options reserved under the scheme	4,604,444	9,866,667	1,973,333
Number of option granted under the scheme	4,050,000	9,866,667	-

The vesting period of the grants is as follows:

Vesting Period	Employee Scheme		CEO Scheme
	Time Based	Performance Based*	Time Based
12 months from date of grant	25%	0.00%	100%
21 months from date of grant	8.33%	16.67%	-
33 months from date of grant	8.33%	16.67%	-
45 months from date of grant	8.34%	16.66%	-

*For options granted under Employee scheme, 21st month vesting will be based on group / business unit performance for the second financial year after the financial year in which the options have been granted and so on. The performance condition are assessed as non-market conditions.

The vested options can be exercised by the employees only upon happening of liquidity event. In case of listing, being a liquidity event, the vested options can be exercised within 1 year of the date such options are vested in case of employee scheme and within 2 years from date of such options vested in case of CEO scheme. In any other liquidity event, the vested options can be exercised within such period as may be prescribed by the Board in this regard.

The following table summarises the movement in stock options granted during the year:

	March 31, 2018		March 31, 2017	
Particulars	**Employee scheme**	**CEO Scheme**	**Employee scheme**	**CEO Scheme**
Outstanding at the beginning of the year	3,700,000	9,866,667	-	-
Granted during the period	350,000	-	3,700,000	9,866,667
Forfeited / cancelled during the period	-	-	-	-
Exercised during the period	-	-	-	-
Expired during the period	-	-	-	-
Outstanding at the end of the year	**4,050,000**	**9,866,667**	**3,700,000**	**9,866,667**
Weighted average exercise price of options (in ₹) :				
Outstanding at the beginning of the year	123	123	-	-
Granted during the year	143	-	123	123
Outstanding at the end of the year	125	123	123	123
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	1.32	-	1.84	0.58
Weighted average fair value of options granted during the year (in ₹)	31.96	-	29.80	25.38

(₹ in million)

The group has used Black Scholes option pricing model. The following tables list the inputs to the models used for the both Employee and CEO plans

Particulars	Assumptions	
	March 31, 2018	March 31, 2017
Dividend yield (%)	0%	0%
Expected volatility (%)	25% - 29%	25%
Risk–free interest rate (%)	6%	7%
Expected life of share options (years)	3.7 years	2 -3.7 years
Weighted average fair value per share (in ₹)	143	123

The expected life of the share options is based on current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome. The historical volatility is based on price volatility of listed companies in same or similar industry. Based on above, the group has recognized cost of ₹ 188.95 million in relation to this scheme during the year ended (March 31, 2017: ₹ 133.61 million).

39. Agreement between Promoter and CEO

On September 26th, 2017, Vault Co-Investment Vehicle L.P. ("Vault L.P."), a limited liability partnership incorporated in the Cayman Islands and controlled by Barings Private Equity Asia GP VI Limited, the ultimate promoter of SION Investment Holdings Pte. Limited ("Sion"), the holding company, entered into an agreement with Chief Executive Officer of the Company (CEO) pursuant to which, the CEO was granted options under the stock option plan of Vault L.P. These options vested immediately to entitle base units in Vault L.P. to the extent of amount equivalent to 0.61% of the value of the Company for a consideration equivalent to such value of the Company as per the terms and conditions of the agreement. As per the plan, the base units are entitled for upward adjustment subject to fulfilment of certain market and service conditions.

Upon redemption of base or adjusted base units, CEO will receive from Vault L.P., an amount equivalent to value of the Company vis-vis such units at the time of sale of Sion's shareholding in the Company subject to certain conditions set out in the agreement.

Since the option granted to CEO is for the services rendered to the Company, the Option has been valued considering the various probable scenarios and using specific assumptions relating to expected volatility and risk free return. The total charge over the period of vesting estimated is ₹ 70.20 million. The proportionate charge recognized during the current year is ₹ 8 million.

40. **Additional information to be disclosed as required under Schedule III to the Companies Act, 2013, of all enterprises consolidated:**

Particulars	As at March 31, 2018							
	Net assets i.e., total assets minus total liabilities		Share in profit		Share in other comprehensive income		Share in total comprehensive income	
	As a %	₹ in million	As a %	₹ in million	As a %	₹ in million	As a %	₹ in million
Parent								
CMS Info Systems Limited	82%	5,566.41	164%	1,315.31	13%	1.62	162%	1,316.93
Subsidiaries								
Securitrans India Private Limited	19%	1,267.52	12%	92.90	55%	4.80	12%	97.70
CMS Securitas Limited	0%	(26.20)	-32%	(255.26)	17%	1.47	-31%	(253.79)
CMS Marshall Limited	-1%	(80.12)	-44%	(351.97)	15%	1.34	-43%	(350.64)
Quality Logistics Services Private Limited	0%	0.10	0%	-	0%	-	0%	-
CMS Securitas Employees Welfare Trust	0%	13.42	0%	0.73	0%	-	0%	0.73

Particulars	As at March 31, 2017							
	Net assets i.e., total assets minus total liabilities		Share in profit		Share in other comprehensive income		Share in total comprehensive income	
	As a %	₹ in million	As a %	₹ in million	As a %	₹ in million	As a %	₹ in million
Parent								
CMS Info Systems Limited	82%	4,726.47	178%	1,396.30	-9%	1.07	180%	1,397.37
Subsidiaries								
Securitrans India Private Limited	19%	1,067.89	11%	84.47	23%	(2.68)	11%	81.79
CMS Securitas Limited	0%	(9.06)	-43%	(335.39)	82%	(9.37)	-44%	(344.76)
CMS Marshall Limited	-1%	(63.76)	-46%	(359.35)	4%	(0.50)	-46%	(359.85)
Quality Logistics Services Private Limited	0%	0.10	0%	-	0%	-	0%	-
CMS Securitas Employees Welfare Trust	0%	12.68	0%	0.60	0%	-	0%	0.60

MUMBAI

41. Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

Ind AS 115 Revenue from Contracts with Customers

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

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after April 01, 2018. Based on the preliminary assessments performed, the company does not anticipate a material impact on the financial statements.

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No.: 101049W / E00004
Chartered Accountants

per Kalpesh Jain
Partner
Membership No. 106406

For and behalf of Board of Directors of CMS Info Systems Limited

Ashish Agrawal
Ashish Agrawal
Director
DIN No.: 00163344

Rajiv Kaul
Whole Time Director and Chief Executive Officer
DIN No.: 02581313

Pankaj Khandelwal
Chief Financial Officer

Praveen Soni
Company Secretary

Place: Mumbai
Date: June 07, 2018

Place: Mumbai
Date: June 07, 2018