NOTES forming part of financial statements

Significant Accounting Policies

1. CORPORATE INFORMATION

Cranes Software International Limited (CSIL) was incorporated on 22nd December, 1984. CSIL is a Company that provides enterprise statistical analytics and engineering simulation software products and solutions across the globe. Presently, CSIL has developed IP's and products in data Integration & visualization, engineering simulations, graphing, plotting and designing modules. The Company is head quartered in Bangalore and has offices in India, United States of America, United Kingdom, Germany and Singapore.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION & PRESENTATION OF FINANCIAL STATEMENTS

a. Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (India Accounting Standards) Amendment Rules, 2016 as applicable.

Upto the year ended March 31, 2017, the Company prepared and presented its financial statements in accordance with the Accounting Standards notified under section 133 of the Companies Act, 2013 (Indian GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006.

These are the Company's first Ind AS financial statements. The Company has adopted all applicable standards and the adoption was carried out in accordance with Ind AS 101 - 'First Time Adoption of Indian Accounting Standards'. An explanation of how the transition to Ind AS has affected the reported financial position, financial performance and cash flows of the Company are provided in Note no 38 - First Time Adoption. The date of transition to Ind AS is April 1, 2016.

b. Basis of measurement

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for certain financial instruments which are measured at fair value at end of the each reporting period, as explained in the accounting policies below.

c. Use of judgement, estimates and assumptions

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities and disclosure relating to contingent liabilities as at the date of financial statement and the reported amounts of income and expenditure during the reported year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize.

The areas involving critical estimates or judgements are:

i. **Depreciation and amortisation:** Depreciation and amortisation is based on management estimates of the future useful lives of certain class of property, plant and equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the depreciation and amortisation charges.

ii. **Impairment testing:** Investments in subsidiaries, goodwill and intangible assets are tested for impairment annually and when events occur or changes in circumstances indicate that the recoverable amount of the asset or cash generating units to which these pertain is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to dispose. The calculation of value in use of a cash generating unit involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

iii. **Employee Benefits :** The present value of the employee benefits obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) includes the discount rate, wage escalation and employee attrition. Any changes in these assumptions will impact the carrying amount of obligations. The discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated term of the obligations.

iv. **Provision and contingencies :** Provisions and contingencies are based on the Management's best estimate of the liabilities based on the facts known at the Balance Sheet date.

v. **Expected credit losses on financial assets:** The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

vi. **Other estimates:** The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period.

The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.

Fair valuation of derivative hedging instruments designated as cash flow hedges involves significant estimates relating to the occurrence of forecast transaction.

2.2 **Functional and presentation currency :** The functional and presentation currency of the Company is Indian Rupee (`). The functional currency of its Branches is as per its respective domicile currency.

2.3 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a. **Property, Plant and Equipment**

On Transition : For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Subsequent to Transition:

Recognition & Measurement: Property, Plant and Equipment are carried at cost less accumulated depreciation / amortization and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses. Subsequent expenditure, if any, on property, plant and equipment after its purchase / completion is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

b. **Capital work-in-progress :** Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not ready for intended use before such date are disclosed under capital work-in-progress.

c. **Depreciation/ Amortisation**

Depreciable amount for assets is the cost of asset less its estimated residual value.

Depreciation has been provided on buildings and plant and equipments on the straight line method as per the useful life prescribed in Schedule II of the Companies Act, 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. The Company assesses at each Balance Sheet date whether there is objective evidence that a asset or a group of assets is impaired. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

d. **Intangible assets**

On Transition - The Company has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Subsequent to Transition:

Recognition & Measurement: Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and impairment losses, if any.

Amortization is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period.

Computer software is amortized over a period of three years.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in Statement of Profit and Loss when the asset is derecognized.

e. **Financial Instruments**

Financial assets : The Company classifies its financial assets in the following categories:

i. **Financial assets at amortised cost** - Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

   They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value which usually represents cost plus transaction costs and subsequently carried at amortised cost using the effective interest method, less impairment loss if any.

   Financial assets at amortised cost are represented by trade receivables, security and other deposits, cash and cash equivalent, employee and other advances.

ii. **Equity investments -** Investment in subsidiaries are stated at cost less impairment loss if any.

iii. **Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI) -** For assets which are not held for trading purposes and where the company has exercised the option to classify the investment as at FVTOCI, all fair value changes on the investment are recognised in OCI. The accumulated gains or losses on such investments are not recycled to the Statement of Profit and Loss even on sale of such investment.

iv. **Financial assets at Fair Value through Profit and loss (FVTPL) -** Financial assets other than the equity investments and assets classified as FVTOCI are measured at FVTPL. These include surplus funds invested in mutual funds etc.

Financial liabilities

Initial recognition and measurement - Financial liabilities are measured at amortised cost using effective interest method. For trade and other payable maturing within one year from the Balance Sheet date, the carrying value approximates fair value due to short maturity.

Derivative financial instruments and hedging activities

A derivative is a financial instrument which changes value in response to changes in an underlying asset and is settled at a future date. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Company enters into derivative contracts to hedge the risks asserted with currency fluctuations relating to firm commitments and highly probable transactions. The Company does not use derivative instruments for speculative purposes.

The Company documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in Other Comprehensive Income. The ineffective portion of changes in the fair value of the derivative is recognised in the Statement of Profit and Loss.

Amounts accumulated in hedging reserve are reclassified to the Statement of Profit and Loss in the periods when the hedged item affects the Statement of Profit and Loss.

The full fair value of a hedging derivative is classified as a current/ non-current, asset or liability based on the remaining maturity of the hedged item.

When a hedging instrument expires, swapped or unwound, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in Statement of Changes in Equity is recognised in the Statement of Profit and Loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Fair value measurement

The Company classifies the fair value of its financial instruments in the following hierarchy, based on the inputs used in their valuation:

i) Level 1 - The fair value of financial instruments quoted in active markets is based on their quoted closing price at the Balance Sheet date.

ii) Level 2 - The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques using observable market data. Such valuation techniques include discounted cash flows, standard valuation models based on market parameters for interest rates, yield curves or foreign exchange rates, dealer quotes for similar instruments and use of comparable arm's length transactions.

iii) Level 3 - The fair value of financial instruments that are measured on the basis of entity specific valuations using inputs that are not based on observable market data (unobservable inputs). When the fair value of unquoted instruments cannot be measured with sufficient reliability, the Company carries such instruments at cost less impairment, if applicable.

f. Employee Benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity fund, superannuation fund and compensated absences.

Provident Fund: Employees receive benefits from a provident fund, which is a defined benefit plan. The employer and employees each make periodic contributions to the plan. A portion of the contribution is made to the approved provident fund trust managed by the Trustees while the remainder of the contribution is made to the Government Administered Pension Fund. The contributions to the trust managed by the Company is accounted for as a defined contribution plan as the Company is liable for any shortfall in the fund assets based on the Government specified minimum rates of return.

Gratuity: The Company provides for Gratuity, a defined benefit plan covering the eligible employees. The Gratuity plan provides a lump-sum payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee's salary and tenure of the employment with the Company.

Liabilities with regard to the Gratuity plan are determined by actuarial valuation , performed by an independent actuary, at each Balance Sheet date using projected unit method. The Company fully contributes all ascertained liabilities to the trust managed by the Trustees. The Trustees administers the contributions made to the Trust. The fund's investments are managed by certain insurance companies as per the mandate provided to them by the trustees and the asset allocation is within the permissible limits prescribed in the insurance regulations.

Actuarial gains and losses are recognised in the Other comprehensive income in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Superannuation Fund: Certain employees of the Company are participants in a defined contribution plan of superannuation. The Company has no further obligations to the plan beyond its monthly contributions which are periodically contributed to the Trust, the corpus of which is invested with the Life Insurance Company.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur, Long-term employee benefits.

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

g. Provisions

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on a best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

h. Income Taxes

Income tax comprises current and deferred tax. Income tax expense is recognized in the Statement of Profit and Loss except to the extent it relates to items directly recognized in Equity or in Other Comprehensive Income.

a) **Current income tax -** Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Company off sets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

b) **Deferred tax -** Deferred income tax is recognized using the Balance Sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax asset is recognized 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 utilized. Deferred income tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred income 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 income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

i. Leases

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on a straight line basis in the Statement of Profit and Loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

j. Cash flow Statement:

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipt or payments and item of income or expense associated with investing or financing cash-flows. The cash flow from operating, investing and financing activities of the Company are segregated.

k. Revenue Recognition

The Company derives revenue primarily from Information Technology Services and Solutions. The Company recognizes revenue when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured. The method for recognizing revenues and costs depends on the nature of the services rendered:

a) Time and materials contracts

Revenues from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred.

b) Fixed-price contracts

Revenues from fixed price contracts are recognised over the life of the contract using percentage of completion method, with contract costs determining the stage of completion at the end of the reporting period. Foreseeable losses on such contracts are recognised when probable.

c) Hardware/software products and licenses

Revenues from sale of product and licenses are recognised on transfer of significant risks and rewards of ownership to the buyers, which generally coincides with delivery where there is no customization required. In case of customization the same is recognised over the life of the contract using the proportionate completion method, with contract costs determining the degree of completion. Foreseeable losses on such contracts are recognised when probable.

d) Maintenance Contracts

Revenue from maintenance contracts is recognized ratably over the period of the contract using the "percentage-of- completion" method. When services are performed through an indefinite number of repetitive acts over a specified period of time, revenue is recognized on a straight line basis over the specified period or under some other method that better represents the stage of completion.

Revenues are reported net of GST and applicable discounts and allowances.

l. Borrowing Costs:

Borrowing costs consist of interest, ancillary and other costs that the Company incurs in connection with the borrowing of funds and interest relating to other financial liabilities. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

m. Foreign Currency transactions and translations

Transactions in foreign currency are translated into the respective functional currencies using the exchange rates prevailing at the dates of the respective transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates prevailing at reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Profit and Loss and reported within foreign exchange gains/ (losses).

Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Foreign currency gains and losses are reported on a net basis. This includes changes in the fair value of foreign exchange derivative instruments, which are accounted at fair value through profit or loss.

n. Finance Income and expense

Finance income consists of interest income on funds invested, dividend income and gains on the disposal of FVTPL financial assets. Interest income is recognized as it accrues in the Statement of Profit and Loss, using the effective interest method.

Dividend income is recognized in the Statement of Profit and Loss on the date that the Company's right to receive payment is established.

Finance expenses consist of interest expense on loans and borrowings. Borrowing costs are recognized in the Statement of Profit and Loss using the effective interest method.

o. Share based payments

Employees of the Company receive remuneration in the form of cash settled share based transaction, for rendering services over a defined vesting period. Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant. The equity instruments are granted by the Employee Welfare Trust.

The expense is recognized in the Statement of Profit and Loss with a corresponding increase to the share based payment reserve, a component of equity.

The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants (accelerated amortization).

The fair value of the amount payable to the employees in respect of Stock Appreciation Rights (SAR), which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the SAR plan. Any changes in the liability are recognized in Statement of Profit and Loss.

p. Impairment

a) **Financial assets :** In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss.

The Company assesses a teach Balance Sheet date whether a financial asset or a group of financial assets is impaired. The Company follows' simplified approach' for recognition of impairment loss allowance on trade receivable. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company recognizes lifetime expected credit losses for all trade receivables and / or other contract assets that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

ECL allowance (or reversal) is recognised as income / expense in the Statment of Profit and Loss.

b) **Non-financial assets:** The Company assesses at each reporting date whether there is any objective evidence that a non financial asset or a group of non financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognised in profit or loss and reflected in an allowance account. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

q. Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. For the purpose of computing diluted earnings per share, profit / (loss) after tax (including the post tax effect of extraordinary items, if any) and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

r. Contingent Liabilities

Contingent liabilities exist when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required or the amount cannot be reliably estimated. Contingent liabilities are appropriately disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

s. Contingent Assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Company does not recognize a contingent asset.

t. Research & development expenses

Research expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized. The amount capitalized comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use.

u. Events after the reporting period

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorisation for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted, but disclosed.

v. First-time adoption - mandatory exceptions, optional exemptions

The Standalone financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended, read with relevant rules issued thereunder in terms of the SEBI LODR, as modified by Circular No CIR/CFD/FAC/62/2016 dated July 5, 2016.

For periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with the then applicable Accounting Standards in India ('previous GAAP'). The adoption of Ind AS was carried out in accordance with Ind AS 101, considering April 1, 2016 as the transition date. Pursuant to adoption of Ind AS, the differences in the carrying amounts of assets and liabilities on the transition date under the previous GAAP and the balances on adoption of Ind AS have been recognised directly in equity. The financial statements for the year ended March 31, 2018, March 31, 2017 and as at April 1, 2016 have been presented under Ind AS for comparative purposes. Accounting policies have been applied consistently to all periods presented in these Standalone Financial Results.

In preparing the opening Ind AS statement of financial position, adjustments are carried out to the amounts reported in financial statements prepared in accordance with previous GAAP. An explanation of how the transition from previous GAAP to Ind AS has affected our financial performance, cash flows and financial position is set out in Note No 38.

w. New standards and interpretations not yet adopted

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company is evaluating the effect of this on the financial statements.

Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, the Ministry of Corporate Affairs notified Ind AS 115 Revenue from Contracts with Customers. The standard replaces Ind AS 11 Construction Contracts and Ind AS 18 Revenue.

The new standard applies to contracts with customers. The core principle of the new standard is that an entity should recognize revenue to depict transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, timing and uncertainty of revenues and cash flows arising from the entity's contracts with customers. The new standard offers a range of transition options. An entity can choose to apply the new standard to its historical transactions and retrospectively adjust each comparative period. Alternatively, an entity can recognize the cumulative effect of applying the new standard at the date of initial application - and make no adjustments to its comparative information. The chosen transition option can have a significant effect on revenue trends in the financial statements. A change in the timing of revenue recognition may require a corresponding change in the timing of recognition of related costs. The standard is effective for annual periods beginning on or after April 1, 2018. The Company is currently evaluating the requirements of Ind AS 115, and has not yet determined the impact on the financial statements.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

3 Property, plant and equipment

Particulars	Buildings	Technical Books	Plant and Equipment	Furniture and Fixtures	Computers	Vehicles	Total
Cost as at March 31, 2016	947.12	1.01	642.50	717.74	1,248.31	191.48	3,748.17
Additions							
Disposals							
Cost as at March 31, 2017	947.12	1.01	642.50	717.74	1,248.31	191.48	3,748.17
Additions			1.96		0.82		2.78
Disposals							
Cost as at March 31, 2018	**947.12**	**1.01**	**644.46**	**717.74**	**1,249.13**	**191.48**	**3,750.94**
Depreciation/Amortisation							
Cost as at March 31, 2016	48.66	0.96	557.57	555.42	1,178.79	181.91	2,523.30
Charge for the year	11.10	-	18.70	43.68	1.49		74.96
On disposals						-	
As at March 31, 2017	59.76	0.96	576.27	599.10	1,180.27	181.91	2,598.27
Charge for the year	11.10	-	17.88	35.63	0.08	-	64.68
On disposals							
As at March 31, 2018	**70.86**	**0.96**	**594.14**	**634.73**	**1,180.35**	**181.91**	**2,662.95**
Net Block							
As at April 1, 2016	898.46	0.05	84.94	162.32	69.52	9.57	1,224.86
As at March 31, 2017	887.36	0.05	66.23	118.64	68.04	9.57	1,149.90
As at March 31, 2018	876.26	0.05	50.32	83.01	68.78	9.57	1,087.99

4 Intangible assets & Goodwill

Particulars	Intangible Assets	Goodwill	Total
Cost as at April 1, 2016	49953.12	5,965.00	55,918.12
Additions	-	-	-
Disposals	-	--	-
Cost as at March 31, 2017	49953.12	5,965.00	55,918.12
Additions	-	-	-
Disposals	-	-	-
Cost as at March 31, 2018	**49953.12**	**5,965.00**	**55,918.12**
Depreciation/Amortisation			
As at March 31, 2016	48,775.46	-	48,775.46
Charge for the year	1,161.36	-	1,161.36
Ind AS Adjustments			-
On disposals	-	-	-
As at March 31, 2017	49,936.83	-	49,936.83
Charge for the year	-	-	-
On disposals	16.29	5,965.00	5,981.29
As at March 31, 2018	**49,953.12**	**5,965.00**	**55,918.12**
Net Block			
As at March 31, 2016	1,177.66	5,965.00	7,142.66
As at March 31, 2017	16.29	5,965.00	5,981.29
As at March 31, 2018	-	-	**-**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
5	**Capital Work-in-progress**			
	Software	5,042.44	22,458.78	22,458.78
		5,042.44	**22,458.78**	**22,458.78**
6	**Deferred Tax - Net**			
	Deferred Tax Asset			
	Carried Forward Losses	17,108.59	17,845.65	9,011.01
	Expenditure allowed for tax on accrual basis	7,083.74	8,241.81	14,639.58
	Others	11,049.44	8,434.09	7,627.58
		35,241.76	**34,521.55**	**31,278.16**
	Deferred Tax Liability			
	On Property, Plant and Equipment	42.29	4.07	277.27
		42.29	**4.07**	**277.27**
	Net deferred tax (liability) / Asset	**35,199.48**	**34,517.47**	**31,000.89**
7	**Non-current investments**			
	Investment in Subsidiaries			
	Trade Unquoted at Cost			
	974,166 Equity shares of face value USD 1/- each fully paid up of Systat Software Inc. USA (As at March 31, 2017 - 974,166 Equity shares of USD 1/- each fully paid up)	1,851.18	1,851.18	1,851.18
	380,000 Equity Shares of Rs.10/- each fully paidup of Systat Software Asia Pacific Limited (As at March 31, 2017 - 380,000 Equity Shares of Rs.10/- each fully paidup)	38.00	38.00	38.00
	1 Equity Share of 25,000 Euros fully paidup of Systat Software Gmbh-Germany (As at March 31, 2017 - 1 Equity Share of 25,000 Euros fully paidup)	14.48	14.48	14.48
	165,692 Equity shares of Singapore Dollars 1/- each fully paidup of Cranes Software International Pte Limited - Singapore (As at March 31, 2017 - 165,692 Equity shares of Singapore Dollars 1/- each fully paidup)	44.31	44.31	44.31
	26,91,855 Equity shares of USD 1 each fully paid up of Cranes Software Inc (erstwhile NISA Software Inc) (As at March 31, 2017 - 26,91,855 Equity shares of USD 1 each fully paid up)	4,500.73	4,500.73	4,500.73
	1,000 Equity Shares of Rs. 100/- each fully paid up of Tilak Auto Tech Private Limited (As at March 31, 2017 - 1,000 Equity Shares of Rs. 100/- each fully paid up)	51.62	51.62	51.62

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FOR THE YEAR ENDED MARCH 31, 2018
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	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	20,000 Equity Shares of Rs. 10/- each fully paid up of Analytix Systems Private Limited (As at March 31, 2017 - 20,000 Equity Shares of Rs. 10/- each fully paid up)	630.00	630.00	630.00
	1,20,000 Equity Shares of Rs. 10/- each fully paid up of Caravel Info Systems Pvt Ltd (As at March 31, 2017 - 1,20,000 Equity Shares of Rs. 10/- each fully paid up)	362.33	362.33	362.33
	4,840 Equity Shares of Rs. 100/- each fully paid up of Proland Software Pvt Ltd (As at March 31, 2017 - 4,840 Equity Shares of Rs. 100/- each fully paid up)	318.89	318.89	318.89
	8,942 Equity shares of Rs.10/- each fully paid up of Esqube Communication Solutions Private Limited (As at March 31, 2017 - 8,942 Equity shares of Rs.10/- each fully paid up)	179.78	179.78	179.78
	99,980 Equity Shares of Rs 10/- each fully paid up of Cranes Varsity Pvt Ltd	1.00	-	
		7992.32	**7991.32**	**7991.32**
	Others			
	Trade, Longterm, Unquoted at cost			
	147 Equity shares of UAE Dirham 1,000/- each fully paid up of Cranes Software Middle East LLC - UAE (As at March 31, 2017 - 147 Equity shares of UAE Dirham 1,000/- each fully paid up)	17.86	17.86	17.86
		8,010.18	**8,009.18**	**8,009.18**
	Total non-current investments			
	Aggregate cost of unquoted investments	7992.32	7991.32	7991.32
8	**Other Non-current assets - Financial Assets: Loans**			
	(Unsecured, considered good unless otherwise stated)			
	Earnest Money Deposits	42.42	42.77	49.87
	Security Deposits	9.65	13.20	13.20
	Loans & Advances:			
	- Related Parties (Subsidiaries) (Net of Provisions)	5,347.93	12,218.49	19,704.42
	MAT Credit Entitlement	640.00	640.00	640.00
		6,040.01	**12,914.46**	**20,427.48**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
9	**Inventories**			
	Stock in Trade	-	40.01	44.74
		-	**40.01**	**44.74**
	Inventory comprise of			
	Traded goods			
	T I Products	-	40.01	44.74
		-	**40.01**	**44.74**
10	**Trade receivables**			
	Unsecured			
	Considered good	10,190.40	9,782.10	9,688.88
	Considered Doubtful	31,173.00	31,173.00	31,173.00
		41,363.40	**40,955.10**	**40,861.88**
	Less: Allowances for Credit Loss	(31,173.00)	(31,173.00)	(31,173.00)
		10,190.40	**9,782.10**	**9,688.88**
11	**Cash and cash equivalents**			
11a	Cash on hand	0.25	2.44	1.28
	Balances with banks			
	In current accounts	5.23	3.81	4.18
		5.48	**6.25**	**5.46**
11b	Other bank balances			
	In Margin money with Banks			
	More than 3 months but less than 12 months	17.85	42.65	50.47
	Unpaid Dividend Account	6.97	7.55	7.25
		24.82	**50.20**	**57.72**
		30.30	**56.45**	**63.18**
12	**Other current assets**			
	(Unsecured, considered good)			
	Prepaid expenses	0.96	0.87	1.86
	Advance to suppliers	32.37	72.95	97.61
	Other advances	193.07	169.76	112.61
		226.40	**243.58**	**212.08**
13	**Capital**			
	Authorised Share Capital			
	165,000,000 (165,000,000) Equity shares of Rs. 2 each	3,300.00	3,300.00	3,300.00
	2,00,000 (2,00,000) Preference shares of Rs. 100 each	200.00	200.00	200.00
		3,500.00	**3,500.00**	**3,500.00**
	Issued Share Capital			
	117,766,850 (117,766,850) Equity shares of Rs. 2 each	2,355.34	2,355.34	2,355.34
		2,355.34	**2,355.34**	**2,355.34**

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FOR THE YEAR ENDED MARCH 31, 2018
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Subscribed and fully paid up share capital			
117,766,850 (117,766,850) Equity shares of Rs. 2 each	2,355.34	2,355.34	2,355.34
	2,355.34	**2,355.34**	**2,355.34**

Notes:

(a) **Reconciliation of number of equity shares subscribed**			
Balance as at the beginning of the year	117,766,850	117,766,850	117,766,850
Add: Issued during the year	-	-	-
Balance at the end of the year	**117,766,850**	**117,766,850**	**117,766,850**

(b) There are no bonus shares, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

(c) **Shareholders holding more than 5% of the total share capital**

Name of the share holder	March 31, 2018		March 31, 2017	
	No of shares	% of Holding	No of shares	% of Holding
IBC Knowledge Park Private Limited	12784740	11%	12784740	11%
Bank of India	11291723	10%	11291723	10%

(d) **Rights, preferences and restrictions in respect of equity shares issued by the Company**

The company has only one class of equity shares having a par value of Rs.2 each. The equity shares of the company having par value of Rs.2/- rank pari-passu in all respects including voting rights and entitlement to dividend.

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
14	**Other Equity**			
	a. General reserve	18,430.00	18,430.00	18,430.00
	b. Securities Premium Reserve	17,898.26	17,898.26	17,898.26
	c. FCCB Premium Redemption Reserve	2,400.00	2,400.00	2,400.00
	d. Retained earnings	(98,090.97)	(90,468.09)	(83,217.68)
		(59,362.71)	**(51,739.82)**	**(44,489.41)**
	a) General reserve			
	Balance at the beginning of the year	18,430.00	18,430.00	18,430.00
	Additions during the year			
	Transfer of General Reserve on account of merger			
	Balance at the end of the year	**18,430.00**	**18,430.00**	**18,430.00**
	b) Securities Premium Reserve			
	Balance at the beginning and end of the year	17,898.26	17,898.26	17,898.26
	Additions during the year			
	Transfer of General Reserve on account of merger			
	Balance at the end of the year	**17,898.26**	**17,898.26**	**17,898.26**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	c) FCCB Premium Redemption Reserve			
	Balance at the beginning of the year	2,400.00	2,400.00	2,400.00
	Add: Transfer of capital reserve on account of merger			
	Balance at the end of the year	**2,400.00**	**2,400.00**	**2,400.00**
	d) Retained earnings			
	Balance at the beginning of the year	(90,468.09)	(83,217.68)	(59,238.84)
	Net profit for the period	(7,519.94)	(7,250.41)	-
	Prior Period Tax Adjustment	(102.94)	-	-
	Ind AS adjustments	-	-	(23,978.83)
	Balance at the end of the year	**(98,090.97)**	**(90,468.09)**	**(83,217.68)**
15	**Provisions (Non -current)**			
	Provision for Employee Benefits			
	Compensated absences	2.32	2.87	2.09
	Gratuity	4.35	9.90	14.92
		6.66	**12.77**	**17.01**
16	**Current liabilities - Financial Liabilities: Borrowings**			
	Unsecured			
	CSIL Employees Comprehensive Gratuity Trust	43.78	43.78	43.78
		43.78	**43.78**	**43.78**
17	**Trade payables**			
	Trade payables	497.44	481.34	589.81
		497.44	**481.34**	**589.81**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

18 Other current liabilities

PARTICULARS	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Bondholders of Foreign Currency Convertible Bonds (42,000 units of 1,000/- Euros each fully paid up)	29,085.00	29,085.00	31,542.00
Interest payable to FCCB Bondholders	9,609.75	9,609.75	8,905.00
Foreign Currency Term Loan from UPS Capital	620.53	584.46	561.94
Term Loans from Banks, Financial Institutions & Asset Reconstruction Company			
Bank of India	33,866.13	33,866.13	29,392.00
International Assets Reconstruction Company Pvt Ltd	-	5,961.96	5,157.50
Canara Bank	9,203.58	9,203.58	7,902.08
Industrial Development Bank of India	6,281.23	6,281.23	5,392.98
State Bank of India (Formerly State Bank of Mysore)	5,429.96	5,429.96	4,768.13
Jammu and Kashmir Bank Limited	-	2,634.90	2,268.19
Cash Credit facilities from Banks			
Bank of India	7,735.86	7,735.86	6,809.98
State Bank of India (Formerly State Bank of Travancore)	7,018.61	7,018.61	6,194.04
Advance from customers	29.51	31.42	30.52
Employee payables	1,516.73	1,504.44	1,480.81
Directors Current Account	3,651.62	3,651.62	3,651.62
Directors Remuneration Payable	315.85	306.09	299.94
Amounts due and payable to Investor Education and Protection Fund	7.21	7.21	7.21
Statutory dues payable	785.93	760.90	750.13
Unpaid Dividend Distribution Tax	273.88	273.88	273.88
Due to Related Parties	6,657.66	1,273.96	1,152.21
Others	23.64	18,709.32	25,110.37
	122,112.68	**143,930.29**	**141,650.54**

19 Provisions (Current)

Provision for tax (Net)	169.90	63.94	74.90
Provision for gratuity	3.46	4.21	9.63
Provision for compensated absenses leave	0.65	1.39	1.15
	174.01	**69.54**	**85.67**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
20	**Revenue from operations**		
	Sale of Licenses		
	Domestic	-	4.70
	Export	510.63	583.88
	Sale of services	275.22	191.89
		785.85	**780.47**
21	**Other income**		
	Interest Income [refer note 21 (a) below]	5,030.63	5.89
	Other non-operating Income [refer note 21 (b) below]	2,631.97	2,143.60
		7,662.60	**2,149.49**
21 (a)	**Interest Income**		
	Interest on Fixed Deposit	0.09	-
	Interest received-Others	0.64	0.70
	Interest from Income tax refund	1.56	5.19
	Interest on Bank loans written back	5,028.34	-
		5,030.63	**5.89**
21 (b)	**Other non-operating Income**		
	Rent Receipts	31.89	30.89
	Gratuity Written back	6.30	10.44
	Leave Encashment Written back	0.36	-
	Expenses Reimbursement	9.81	8.34
	Exchange Gain (Net)	211.55	2,071.95
	Other income	0.60	-
	Loan Principal Writeback	2,370.54	-
	Balance no longer payable written Back	0.91	21.99
		2,631.97	**2,143.60**
22	**Changes in inventories of work-in-progress, stock in trade and finished goods**		
	Opening Balance		
	Stock in trade	40.01	44.74
		40.01	**44.74**
	Closing Balance		
	Stock in trade	-	40.01
		-	**40.01**
	Changes in inventories	**(40.01)**	**(4.73)**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
23	**Employee benefits expense**		
	Salaries, wages and bonus	269.52	254.50
	Director Remuneration	19.57	30.00
	Contribution to Provident Fund	9.98	9.87
	Staff welfare expenses	5.01	5.49
	Leave Encashment paid	-	1.02
		304.08	**300.89**
24	**Finance Cost**		
	Interest on borrowings	34.12	11,966.56
	Interest on Statutory dues	16.96	0.60
	Interest to others	0.13	1.45
	Bank Charges	0.22	0.19
		51.43	**11,968.80**
4	**Depreciation and amortisation expense**		
	Depreciation of property, plant and equipment	64.68	74.96
	Amortization of Intangible assets	-	1,161.36
		64.68	**1,236.33**
25	**Other expenses**		
	Power & Fuel	36.53	35.74
	Repair and Maintenance	13.59	15.33
	Legal and General Exp	45.30	38.32
	Telephone and Communication	13.55	19.52
	Travelling expenses	56.49	43.08
	Rents	4.89	4.66
	Auditors Remunerations	6.07	6.08
	Allowances for Credit Loss	1,353.50	-
	Impairment of intangable asset under Development	14,635.13	-
	Others	19.96	18.25
		16,185.02	**180.97**
	Auditors' Remuneration		
	As Auditor	6.00	6.00
	Others	0.07	0.08
		6.07	**6.08**

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FOR THE YEAR ENDED MARCH 31, 2018
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Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
26 Income tax expense		
(a) Income tax expense		
Current tax		
Current tax on profits for the year	-	-
Total current tax	**-**	**-**
expense	**-**	**-**
Deferred tax		
Deferred tax recognised for the year	(682.01)	(3,516.58)
Total deferred tax expense/(benefit)	**(682.01)**	**(3,516.58)**
Income tax expense	**(682.01)**	**(3,516.58)**
b) The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax from continuing operations	(8,201.95)	(10,766.99)
Income tax expense calculated at 32.45% (2016-17: 32.45%)	-	-
Effect of carried forward losses not recogne expenses that are not deductible in determining taxable profit	-	-
Income tax expense	-	-
c) Income tax recognised in other comprehensive income		
Deferred tax		
Remeasurement of defined benefit obligation`	-	-
Total income tax recognised in other comprehensive income	-	-

d) Movement of deferred tax expense during the year ended March 31, 2018

Deferred tax (liabilities) / assets in relation to	Opening Balance	Recognised in Profit or loss	Recognised in other comprehensive Income	Closing balance
Property, plant, and equipment and Intangible Assets	(4.07)	(38.21)	-	(42.29)
Expenses allowable on Payment basis	17,845.65	(739.48)	-	17,106.17
Provision for Retirement Benefits	19.48	(3.92)	-	15.56
Provision For Bad Debts	8,414.61	2,621.69	-	11,036.30
Brought forward losses	8,241.81	(1,158.07)	-	7,083.74
	34,517.47	**682.01**	**-**	**35,199.48**
MAT Credit entitlement	-	-	-	-
	34,517.47	**682.01**	**-**	**35,199.48**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

e) Movement of deferred tax expense during the year ended March 31, 2017

Deferred tax (liabilities)/ assets in relation to	Opening balance	Recognised in profit or loss	Recognised in Other comprehensive	Closing balance
Property, plant, and equipment and Intangible Assets	(277.27)	273.19	-	(4.07)
Expenses allowable on Payment basis	14,639.58	3,206.08	-	17,845.65
Provision for Retirement Benefits	24.09	(4.61)	-	19.48
Provision For Bad Debts	7,603.49	811.13	-	8,414.61
Brought forward losses	9,011.01	(769.20)	-	8,241.81
	31,000.89	**3,516.58**	**-**	**34,517.47**
MAT Credit entitlement	-	-	-	-
	31,000.89	**3,516.58**	**-**	**34,517.47**

f) Unused tax credits

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

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
27	**Earnings per share**		
	Profit for the year attributable to owners of the Company	(7,519.94)	(7,250.41)
	Weighted average number of ordinary shares outstanding	117,766,850	117,766,850
	Basic earnings per share (Rs)	(6.39)	(6.16)
	Diluted earnings per share (Rs)	(6.39)	(6.16)
28	**Earnings in foreign currency**		
	FOB value of exports	510.63	583.88
		510.63	**583.88**
29	**Expenditure in foreign currency**		
	Interest	34.12	1,501.14
		34.12	**1,501.14**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

30 Commitments and contingent liability

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Contingent Liability *		
Bank Guarantees	6.17	38.82
Disputed demands from Service tax authorities	2,017.03	2,017.03
Disputed demands from Income tax authorities	-	6,728.44
Directorate of Enforcement	580.00	580.00
Undisputed Statutory Dues remaining unpaid as at March 31, 2018		
Employee's Provident Fund & Miscellaneous Provision Act	29.62	35.46
Commercial Taxes Act	1.83	2.57
Employees State Insurance Act	8.08	6.21
Income Tax Act	292.94	308.31
Service Tax Act	239.48	233.18
Karnataka State Commercial Taxes Act	84.25	85.42
Income Tax Act	522.23	89.02
Wealth Tax Act	0.45	0.88
Income Tax Act	273.88	273.88
Income Tax Act	-	0.41
Investor Education Protection Fund	7.21	7.21
Goods and Service Tax Act	40.50	-

* The management believes, based on internal assessment and / or legal advice, that the probability of an ultimate adverse decision and outflow of resources of the company is not probable and accordingly, no provision for the same is considered necessary.

NOTES TO FINANCIAL STATEMENTS

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Name of Institution	Amount of Claim	In which Forum
A. Under Section 434 of Companies Act, 1956		
1. Bank of New York	29,085.00	
(Trustee of Foreign Currency Convertible Bondholders)		High Court,
2. Bank of India	22,280.03	Karnataka
3. Canara Bank	2,617.08	
B. Under Section 138 of Negotiable Instruments Act, 1881		
1. State Bank of India (Formerly State Bank of Mysore)	2,500.00	
2. Canara Bank	1,400.00	Metropolitan
3. Bank of India	500.00	Court
4. IDBI	432.00	Bangalore
C. Under Debt Recovery Act, 1993		
1. Canara Bank	2,933.38	
2. Bank of India	19,688.48	
3. State Bank of India (Formerly State Bank of Mysore)	3,107.97	Debt Recovery
4. State Bank of India (Formerly State Bank of Travancore) (also under NCLT)	3,212.31	Tribunal
5. IDBI Bank	2,211.43	
D. Special Court for Econimic Offenses		
SEBI	235.53	

31 Trade Receivables include, dues from Subsidiary Companies as under

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Dunn Solutions Group Inc	-	64.55
Systat Software Inc, USA	8,903.49	8,450.62
Systat Software GmbH	224.40	187.11
Proland Software Pvt Ltd	13.35	13.35

NOTES TO FINANCIAL STATEMENTS

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32 Disclosures required under section 22 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 are as under

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(a) The principal amount remaining unpaid at the end of the year`	-	
(b) The delayed payments of principal amount paid beyond the appointed date during the year	-	-
(c) Interest actually paid under Section 16 of MSMED Act	-	-
(d) Normal Interest due and payable during the year, for all the delayed payments, as per the agreed terms	-	-
(e) Total interest accrued during the year and remaining unpaid	-	-

*This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

33 Operating Segments

The Business of the Company falls under a single primary segment i.e. IT/ITES in accordance with Ind AS 108 'Operating Segments' and hence reporting on various segment do not arise.

34 Impairment of Assets

The company assessed its intangible assets under development for impairment as at 31st March 2018 and has recognised impairment loss of Rs. 14635.13 lakhs in the books of accounts (Refer "Impairment of Intangible Asset under development" under note No. 25).

35 Operating lease arrangements (as lessor)

The Company has given certain properties on operating lease arrangements. The leases are cancellable at the option of either party to lease and may be renewed based on mutual agreement of the parties. The total lease income recognised on such contracts for the year is Rs. 31.89 Lakhs (Previous year Rs. 30.89 Lakhs).

36 Confirmation of balances in respect of Trade Receivables and Trade Payables has not been obtained in a few cases.

37 Foreign Currency Convertible Bonds

The Foreign Currency Convertible Bonds carry coupon rate of 2.50 %, payable half yearly. In case of default of payment of interest the coupon rate stands increased to 4.80 %.

During March 2011, the convertible foreign currency bonds had become due for conversion to Equity Shares and none of the bond holders have exercised their option for conversion. Correspondingly, the amounts had become due for payment as on the closure of such exercise and is yet to be redeemed as on the date of the balance sheet. These funds fall within the meaning of 'deposit' as defined under section 73 of the Companies Act 2013. The Company has not complied with the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 of the Companies Act, 2013 and the rules framed thereunder

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

38 "Loans and advances includes, dues from Companies under the same management, as under (Disclosure required by Clause 32 of the Listing Agreement)"

Particulars	Current Year	Maximum Amount Outstanding during the year	Previous Year	Maximum Amount Outstanding during the year
Cranes Software International Pte Ltd-Singapore	1,527.52	1,527.52	1,503.33	1,503.33
Cranes Software Inc	-	-	5,369.02	5,369.02
Tilak Auto Tech Pvt. Ltd	163.81	163.81	-	-
Systat Software Inc USA (Net of Provision)	5516.13	4,236.33	6215.67	7,377.17
Proland Software Pvt Ltd	449.46	449.46	449.46	449.46
Esqube Communication Solutions Pvt Ltd	188.76	188.76	-	-
Systat Software UK Ltd	344.66	344.66	243.62	243.62
Less : Allowance for Credit Loss	(2842.40)	-	(1562.60)	-
Total	**5,347.93**	**6,910.53**	**12,218.49**	**14,942.59**

39 Financial Instruments

Capital management

The Company manages its capital to ensure that entities in the Company will be able to continue as going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, long-term borrowings and other short-term borrowings.

For the purposes of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders.

Gearing Ratio:	March 31, 2018	March 31, 2017
Debt	108,894.44	117,455.24
Less: Cash and bank balances	5.48	6.25
Net debt	108,888.96	117,448.99
Total equity	(57,007.37)	(49,384.48)
Net debt to equity ratio (%)	-191.01%	-237.83%

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Categories of Financial Instruments	March 31, 2018	March 31, 2017
Financial assets		
a. Measured at amortised cost		
Other non-current financial assets	6,040.01	12,914.46
Trade receivables	10,190.40	9,782.10
Cash and cash equivalents	5.48	6.25
Other financial assets	-	-
b. Mandatorily measured at fair value through profit or loss (FVTPL)		
Investments	8,010.18	8,009.18
Derivative instruments	-	-
Financial liabilities		
a. Measured at amortised cost		
Borrowings (short term)	43.78	43.78
Trade payables	497.44	481.34
b. Mandatorily measured at fair value through profit or loss (FVTPL)		
Derivative instruments	-	-

Financial risk management objectives

The treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using natural hedging financial instruments and forward contracts to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, the use of financial derivatives, and the investment of excess liquidity. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company actively manages its currency and interest rate exposures through its finance division and uses derivative instruments such as forward contracts and currency swaps, wherever required, to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by appropriate levels of management.

Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company actively manages its currency rate exposures through a centralised treasury division and uses natural hedging principles to mitigate the risks from such exposures. The use of derivative instruments, if any, is subject to limits and regular monitoring by appropriate levels of management.

Disclosure of hedged and unhedged foreign currency exposure

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Currency	Gross Exposure	**Liabilities** Exposure hedged using derivatives	Net Liability exposure currency	Gross Exposure	**Assets** Exposure hedged using dervatives	Net asset exposure on the currency	Net overall Exposure on the currency net assets / (net liabilities)
USD	9.92	-	9.92	340.10	-	340.10	330.18
Euro	479.59	-	479.59	11.64	-	11.64	(467.95)
Pound	-	-	-	3.82	-	3.82	3.82
AED	-	-	-	2.95	-	2.95	2.95
Singapore Dollars	0.01	-	0.01	6.42	-	6.42	6.41
In INR (Rs. In lacs)	77,975.95	-	77,975.95	23,783.84	-	23,783.84	(54,192.11)

Currency	Gross Exposure	**Liabilities** Exposure hedged using derivatives	Net Liability exposure currency	Gross Exposure	**Assets** Exposure hedged using dervatives	Net asset exposure on the currency	Net overall Exposure on the currency net assets / (net liabilities)
USD	9.41	-	9.41	813.66	-	813.66	804.24
Euro	558.85	-	558.85	100.74	-	100.74	(458.11)
Pound	-	-	-	3.09	-	3.09	3.09
AED	-	-	-	2.95	-	2.95	2.95
Singapore Dollars	0.01	-	0.01	6.42	-	6.42	6.41
In INR (Rs. In lacs)	39,311.15	-	39,311.15	60,334.17	-	60,334.17	21,023.02

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Foreign currency sensitivity analysis

Movement in the functional currencies of the various operations of the Company against major foreign currencies may impact the Company's revenues from its operations. Any weakening of the functional currency may impact the Company's cost of borrowings. The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 2%, which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% change in foreign currency rates.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Interest rate risk management

The Company is exposed to interest rate risk because it borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied. Further, in appropriate cases, the Company also effects changes in the borrowing arrangements to convert floating interest rates to fixed interest rates.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Credit risk management

Credit risk arises when a customer or counterparty does not meet its obligations under a customer contract or financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily trade receivables and from its financing/ investing activities, including deposits with banks, mutual fund investments, investments in debt securities and foreign exchange transactions. The Company has no significant concentration of credit risk with any counterparty.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables, margin money and other financial assets excluding equity investments.

(a) Trade Receivables

Trade receivables are consisting of a large number of customers. The Company has credit evaluation policy for each customer and, based on the evaluation, credit limit of each customer is defined. Wherever the Company assesses the credit risk as high, the exposure is backed by either bank, guarantee/letter of credit or security deposits.

The Company does not have higher concentration of credit risks to a single customer. As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default in payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

(b) Investments, Derivative Instruments, Cash and Cash Equivalents and Bank deposits

Credit Risk on cash and cash equivalents, deposits with the banks/financial institutions is generally low as the said deposits have been made with the banks/financial institutions, who have been assigned high credit rating by international and domestic rating agencies.

Credit Risk on Derivative Instruments is generally low as the Company enters into the Derivative Contracts with the reputed Banks.

Investments of surplus funds are made only with approved Financial Institutions/ Counterparty. The Company has standard operating procedures and investment policy for deployment of surplus liquidity, which allows investment in debt securities and mutual fund schemes of debt and arbitrage categories and restricts the exposure in equity markets.

Offsetting related disclosures

Offsetting of cash and cash equivalents to borrowings as per the consortium agreement is available only to the bank in the event of a default. Company does not have the right to offset in case of the counter party's bankruptcy, therefore, these disclosures are not required.

40 Related party disclosures

(a) Name of related party and nature of relationship

Key management personnel

Asif Khader	Managing Director
Mueed Khader	Director
Mukkaram Jan	Director
P Phaneendra	Company Secretary

Other Enterprises with which promoter has significant influence

Systat Software Inc, USA
Systat Software Asia Pacific Limited
Cranes Software International Pte Ltd,. Singapore
Systat Software GmbH, Germany
Cranes Software Inc
Analytix Systems Private Limited
Tilak Autotech Private Limited
Caravel Info Systems Pvt Ltd
Proland Software Pvt Ltd
Esqube Communication Solutions Pvt Ltd

Other Enterprises which are Indirect Subsidiaries

Systat Software UK Ltd

Other Related Parties

Orca Infotech Private Limited
K & J Holdings Private Limited
K & J Telecom Private Limited
Jansons Land & Property Development Pvt Ltd
SPSS South Asia Private Limited
Keysoft Solutions Private Limited
Spice Capital Fund Private Limited
Sea Equity Private Limited
Samra Investment Bangalore Pvt Ltd
Source Majeure Software Pvt Ltd
Predictive Analytics Solutions Pvt Ltd

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

b) Transactions during the year

S.No	Nature of transactions	Year ended March 31, 2018	Year ended March 31, 2017
1	Sale of Goods		
	Systat Software Inc	316.77	363.35
	Systat Software Gmbh	120.85	141.64
	Systat Software UK Ltd	73.01	78.89
		510.63	**583.88**
2	Asif Khader		
	Managerial Remuneration	9.78	10.00
	Contribution to provident and other funds	0.22	0.43
	Mueed Khader		
	Remuneration	9.78	10.00
	Contribution to provident and other funds	0.22	0.43
	Mukkaram Jan		
	Remuneration	-	10.00
	Contribution to provident and other funds	-	0.43
3	P Phaneendra		
	Salary to KMP	2.82	2.31
	Contribution to provident and other funds	0.36	0.14

c) Balance outstanding at the year end

S.No	Particulars	As at March 31, 2018	As at March 31, 2017
1	Trade Receivables		
	Systat Software Inc		
	Amount outstanding at year end - Dr	8,903.49	8,450.62
	Systat Software GmbH		
	Amount outstanding at year end - Dr	224.40	187.11
	Proland Software Pvt Ltd		
	Amount outstanding at year end - Dr	13.35	13.35
	Dunn Solutions Group Inc		
	Amount outstanding at year end - Dr	-	64.55

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

S.No	Particulars	As at March 31, 2018	As at March 31, 2017
2	Others		
	Analytix Systems Pvt Ltd		
	Amount outstanding at year end - Cr	73.83	538.32
	Engineering Technology Associates Inc		
	Amount outstanding at year end - Cr	6.94	6.92
	Caravel Info Systems Pvt Ltd		
	Amount outstanding at year end - Cr	143.90	465.96
	Tilak Autotech Pvt Ltd		
	Amount outstanding at year end - Dr	163.81	
	Amount outstanding at year end - Cr	-	120.85
	Systat Software Asia Pacific Ltd		
	Amount outstanding at year end - Cr	52.94	52.94
	Esqube Communication Solutions Private Ltd		
	Amount outstanding at year end - Dr	188.76	
	Amount outstanding at year end - Cr		95.90
	Directors Current Account		
	Amount outstanding at year end - Cr	3,967.47	3,957.71
	Cranes Software Inc		
	Amount outstanding at year end - Cr	5,787.29	
	Amount outstanding at year end - Dr		5,369.02
	Cranes Software International Pte Ltd		
	Amount outstanding at year end - Dr	1,525.99	1,501.80
	Proland Software Pvt Ltd		
	Amount outstanding at year end - Dr	449.46	449.46
	Systat Softwares Inc		
	Amount outstanding at year end - Dr	3,953.53	4,653.07
	Systat Software UK Ltd		
	Amount outstanding at year end - Dr	344.66	243.62
	Dunn Solutions Groups Inc		
	Amount outstanding at year end - Dr	38.70	45.39
	Cranes Software. Intl Pte Ltd		
	Amount outstanding at year end - Dr	1.53	1.52
	Systat Softwares GMBH		
	Amount outstanding at year end - Cr	598.94	-
	Cranes Varsity Private Limited		
	Amount outstanding at year end - Cr	0.76	-

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

41 Retirement benefit plans

Defined contribution plans

In accordance with Indian law, eligible employees of the Company are entitled to receive benefits in respect of provident fund and super annuation fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions, as specified under the law, are made to the Provident Fund.

The total expense recognised in profit or loss of Rs.6.30 Lakhs (for the year ended March 31, 2017: Rs. 10.44 Lakhs) represents contribution paid to these plans by the Company at rates specified in the rules of the plan.

Defined benefit plans

(a) Gratuity

Gratuity is payable as per Payment of Gratuity Act, 1972. In terms of the same, gratuity is computed by multiplying last drawn salary (basic salary including dearness Allowance if any) by completed years of continuous service with part thereof in excess of six months and again by 15/26. The Act provides for a vesting period of 5 years for withdrawal and retirement and a monetary ceiling on gratuity payable to an employee on separation, as may be prescribed under the Payment of Gratuity Act, 1972, from time to time. However, in cases where an enterprise has more favourable terms in this regard the same has been adopted.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018
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The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	March 31, 2018	March 31, 2017
Discount Rate	7.73% p.a	6.68% p.a.
Rate of increase in compensation level	4.00% p.a	4.00% p.a.
Rate of Return on Plan Assets	6.68% p.a	7.73% p.a.
Attrition rate	2.00% p.a	2.00% p.a.

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

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:

	March 31, 2018	March 31, 2017
Current service cost	2.19	3.35
Net interest expense	1.43	2.30
Return on plan assets (excluding amounts included in net interest expense)	(0.56)	(0.43)
Components of defined benefit costs recognised in profit or loss	**3.06**	**5.22**
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gains)/losses recognised during the period	(9.36)	(15.65)
Components of defined benefit costs recognised in other comprehensive income	**(9.36)**	**(15.65)**
	(6.30)	**(10.44)**

i) The current service cost and the net interest expense for the year are included in the ‘employee benefits expense’ in profit or loss.

ii) The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the balance sheet arising from the Company’s obligation in respect of its defined benefit plans is as follows:

Present value of defined benefit obligation	15.05	21.35
Fair value of plan assets	(7.24)	(7.24)
Net liability/ (asset) arising from defined benefit obligation	**7.81**	**14.11**
Funded	7.81	14.11
Unfunded	-	-
	7.81	**14.11**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
The above provisions are reflected under 'Provision for employee benefits- gratuity' as per details below		
Long term provisions (refer note 19)	4.34731	9.90103
Short term provisions (refer note 24)	3.45995	4.20913
	7.80726	14.11016
Movements in the present value of the defined benefit obligation in the current year were as follows:		
Opening defined benefit obligation	21.35	30.97
Present value of obligation of subsidiary companies taken over	-	-
Current service cost	2.19	3.35
Interest cost	1.43	2.30
Actuarial (gains) /losses	-9.92	-15.26
Benefits paid	-	-
Others	-	-
Closing defined benefit obligation	**15.05**	**21.35**
Movements in the fair value of the plan assets in the current year were as follows:		
Opening fair value of plan assets	7.24	6.42
Fair Value of Plan Assets of Subsidiary company taken over	-	-
Return on plan assets	0.56	0.43
Contributions	-	-
Benefits paid	-	-
Actuarial gains/(loss)	(0.56)	0.39
Others	-	-
Closing fair value of plan assets	**7.24**	**7.24**

Sensitivity analysis

In view of the fact that the Company for preparing the sensitivity analysis considers the present value of the defined benefit obligation which has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

(b) Compensated absences

The leave scheme is a final salary defined benefit plan, that provides for a lumpsum payment at the time of separation; based on scheme rules the benefits are calculated on the basis of last drawn salary and the leave count at the time of separation and paid as lumpsum.

The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense recognised during the year is Rs.7.49 Lakhs (previous year Rs.8.77 Lakhs)

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The design entitles the following risk

Interest rate risk	The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
Salary inflation risk	Higher than expected increases in salary will increase the defined benefit obligation.
Demographic risk	This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of these decrement on the DBO depends upon the combination salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short caring employees will be less compared to long service employees.

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:

	March 31, 2018	March 31, 2017
Current service cost	0.84	0.94
Net interest expense	0.28	0.24
Return on plan assets (excluding amounts included in net interest expense)	-	-
Components of defined benefit costs recognised in profit or loss	**1.12**	**1.18**
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gains)/losses recognised during the period	(2.41)	(0.16)
Components of defined benefit costs recognised in other comprehensive income	**(2.41)**	**(0.16)**
	(1.29)	**1.02**

i) The current service cost and the net interest expense for the year are included in the 'employee benefits expense' in profit or loss.

ii) The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:

Present value of defined benefit obligation	2.96	4.26
Fair value of plan assets	-	-
Net liability/ (asset) arising from defined benefit obligation	**2.96**	**4.26**
Funded	2.96	4.26
Unfunded	-	-
	2.96	**4.26**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
The above provisions are reflected under 'Provision for employee benefits- gratuity' as per details below		
Long term provisions (refer note 19)	2.32	2.87
Short term provisions (refer note 24)	0.65	1.39
	2.96499	**4.25584**

Movements in the present value of the defined benefit obligation in the current year were as follows:

Opening defined benefit obligation	4.26	3.23
Present value of obligation of subsidiary companies taken over	-	-
Current service cost	0.84	0.94
Interest cost	0.28	0.24
Actuarial (gains) /losses	(2.41)	(0.16)
Benefits paid	-	-
Others	-	-
Closing defined benefit obligation	**2.96**	**4.26**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

42 First-time adoption of Ind AS

Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet at April 1, 2016 (The company's date of transition). In preparing its opening Ind AS balance sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards generally applicable to the Company (as amended from time to time) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1 Ind AS optional exemptions

A.1.1 Deemed cost for Property, Plant and Equipment (PPE)

Ind AS 101 permits a first-time adopter to elect to fair value a class of property, plant and equipment or to continue with the carrying value for all of its PPE as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities.

The company has not elected to fair value its property, plant and equipment as on the date of transition.

A.1.2. Deemed cost for Intangible Assets

Ind AS 101 permits a first-time adopter to elect to fair value the intangible assets or to continue with the carrying value as per the previous GAAP as deemed cost on the date of transition.

The company has elected to continue the carrying value on the date of transition as per previous GAAP as deemed cost.

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The company made estimates for impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

B. Notes to first-time adoption

B.1 Fair valuation of property, plant and equipment as deemed cost

As per Ind AS, the company is allowed to elect the option of fair value any class of its PPE on the date of transition and treat it as deemed cost under Ind AS. The company has not elected to fair

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

value its property, plant and equipment as on the date of transition. No consequential impact has been considered in the opening retained earnings.

B.2 Trade receivables

As per Ind AS 109, The company is required to apply expected credit loss model for recognising the allowance for doubtful debts. Accordingly, the Company has developed an assessment for allowance for expected credit loss. The same has been considered in the opening and comparative period financial statements.

B.3 Remeasurement of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. Adjustments have been made for such re-classifications. However, this has no effect on the profits and equity as per Ind AS.

B.4 Fair valuation of financial assets and liabilities

Under Ind AS, financial assets and liabilities are to be valued at amortised cost or fair valued through profit and loss (FVTPL) or fair valued through other comprehensive income (FVTOCI) based on the Company's business objectives and the cash flow characteristics of the underlying financial assets and liabilities.

Accordingly, the Company has remeasured the financial assets and liabilities as on the date of transition and the consequential impact has been given in the opening retained earnings.

B.5 Transaction costs in respect of financial instruments

Under the previous GAAP, transaction costs in relation to financial liabilities are charged to the profit and loss in the year in which they are incurred.

As per Ind AS 109, transaction costs in relation to financial liabilities are to be reduced from the related financial liabilities and amortised over the repayment period of the said liability. The same has been considered in the opening and comparative period financial statements.

B.6 Deferred tax and MAT Credit Entitlement

Under Ind AS, the deferred tax asset and liabilities are required to be accounted based on balance sheet approach. The Company is also required to remeasure the carrying amount of MAT credit entitlement as per Ind AS. Accordingly, the Company has remeasured its deferred tax assets and liabilities as aforesaid and accounted in the Ind AS financial statements.

NOTES TO FINANCIAL STATEMENTS

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43 Key reconciliation required as per Ind AS 101 on transition to Ind AS

		As at March 31, 2017	As at April 1, 2016
(a)	**Reconciliation of equity**		
	Total equity / shareholders' funds as per Indian GAAP	**(27,760.99)**	**(20,510.58)**
	Ind AS Adjustments		
	Allowances for Credit Loss	(23,978.83)	(23,978.83)
	Total equity/ shareholders' funds as per Ind AS	**(51,739.82)**	**(44,489.41)**
(b)	**Reconciliation of Profits**		
	Total comprehensive income as per Indian GAAP	**(7,519.94)**	**(7,250.41)**
	Ind AS Adjustments	-	-
	Total comprehensive income as per Ind AS	**(7,519.94)**	**(7,250.41)**

For and on behalf of the board

As per our report of even date attached
For M/s. Sethia Prabhad Hegde & Co
Chartered Accountants
Firm Registration No. 013367S

Timmayya Hegde
Partner
Membership No. 226267

Place: Bangalore
Date: May 30, 2018

For and on behalf of the Board

Asif Khader
Managing Director
DIN : 00104893

Mueed Khader
Director
DIN : 00106674

P. Phaneendra
Company Secretary

Place: Bangalore
Date: May 30, 2018