

Financial statements and Independent auditor's report

BTI Payments Private Limited

31 March 2017

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Walker Chandiook & Co LLP

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Independent Auditor's Report

To the Members of BTI Payments Private Limited

Report on the Financial Statements

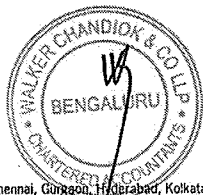
1. We have audited the accompanying financial statements of BTI Payments Private Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.



Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurgaon, Hyderabad, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandiook & Co LLP is registered with limited liability with identification number AAC-2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India

Walker Chandiook & Co LLP

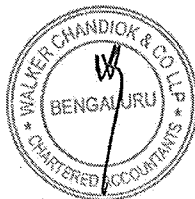
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. Further to our comments in Annexure I, as required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the financial statements dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);



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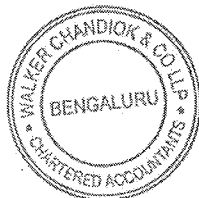
- e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act;
- f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 31 March 2017 as per Annexure II expressed;
- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigation which would impact its financial position;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
 - iv. the Company, as detailed in Note 32 to the financial statements, has made requisite disclosures in these financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on the audit procedures performed and taking into consideration the information and explanations given to us, in our opinion, these are in accordance with the books of account maintained by the Company.

Walker Chandiook & Co LLP
For Walker Chandiook & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Vijay V Singh

per Vijay Vikram Singh
Partner
Membership No.: 059139

Bengaluru
9 August 2017



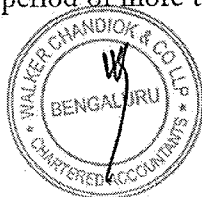
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Annexure I to the Independent Auditor's Report of even date to the members of BTI Payments Private Limited, on the financial statements for the year ended 31 March 2017

Annexure I

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
 - (c) The Company does not hold any immovable property (in the nature of 'fixed assets'). Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii)(a) The Company is regular in depositing undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.



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Annexure I to the Independent Auditor's Report of even date to the members of BTI Payments Private Limited, on the financial statements for the year ended 31 March 2017

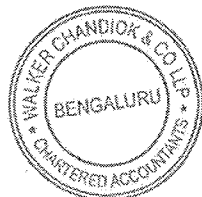
- (b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). The term loans obtained during the year have not been utilised by the Company.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit
- (xi) The provisions of Section 197 of the Act read with Schedule V to the Act are not applicable to the Company since the Company is not a public company as defined under Section 2(71) of the Act. Accordingly, provisions of clause 3(xi) of the Order are not applicable.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

Walker Chandiook & Co LLP
For Walker Chandiook & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Vijay V Singh

per Vijay Vikram Singh
Partner
Membership No.: 059139

Bengaluru
9 August 2017



Walker Chandiook & Co LLP

Annexure II to the Independent Auditor's Report of even date to the members of BTI Payments Private Limited, on the financial statements for the year ended 31 March 2017

Annexure II

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

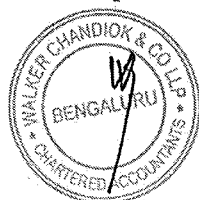
1. In conjunction with our audit of the financial statements of BTI Payments Private Limited ("the Company") as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting (IFCoFR) of the company as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.



Walker Chandiook & Co LLP

Annexure II to the Independent Auditor's Report of even date to the members of BTI Payments Private Limited, on the financial statements for the year ended 31 March 2017

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

Walker Chandiook & Co LLP

For Walker Chandiook & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Vijay V Singh

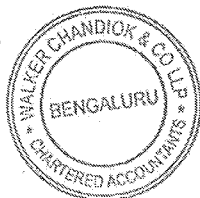
per Vijay Vikram Singh

Partner

Membership No.: 059139

Bangalore

9 August 2017



BTI Payments Private Limited
Balance Sheet as at 31 March 2017

1

	Notes	As at 31 March 2017 ₹	As at 31 March 2016 ₹
Equity and liabilities			
Shareholders' funds			
Share capital	3	9,66,79,310	9,24,86,480
Reserves and surplus	4	92,89,96,231	1,52,95,51,811
		<u>1,02,56,75,541</u>	<u>1,62,20,38,291</u>
Non-current liabilities			
Long-term borrowings	5	-	75,00,00,000
Other long-term liabilities	7	4,21,01,058	2,33,80,114
Long-term provisions	8	7,52,27,166	5,74,75,866
		<u>11,73,28,224</u>	<u>83,08,55,980</u>
Current liabilities			
Short-term borrowings	5	3,85,73,08,508	2,26,42,07,950
Trade payables			
- Total outstanding dues to micro enterprises and small enterprises	9	-	-
- Total outstanding dues to creditors other than micro enterprises and small enterprises	9	25,72,86,396	20,39,08,438
Other current liabilities	10	85,57,34,641	23,22,10,322
Short-term provisions	8	10,82,611	21,56,236
		<u>4,97,14,12,156</u>	<u>2,70,24,82,946</u>
Total		<u>6,11,44,15,921</u>	<u>5,15,53,77,218</u>
Assets			
Non-current assets			
Fixed assets			
Tangible assets	11	1,50,74,15,723	1,60,99,27,405
Intangible assets	12	82,37,091	94,21,111
Capital work-in-progress		10,40,472	28,21,216
Deferred tax assets, (net)	6	3,22,24,784	68,97,749
Long-term loans and advances	13	15,76,64,787	6,99,01,402
Other non-current assets	14	1,13,00,677	25,27,09,561
		<u>1,71,78,83,534</u>	<u>1,95,16,78,444</u>
Current assets			
Current investments	15	12,99,20,000	-
Trade receivables	16	4,44,04,920	5,44,59,248
Cash and bank balances	17	3,57,12,66,000	2,50,96,69,731
Short-term loans and advances	13	9,02,91,591	8,66,19,358
Other current assets	18	56,06,49,877	55,29,50,437
		<u>4,39,65,32,387</u>	<u>3,20,36,98,774</u>
Total		<u>6,11,44,15,921</u>	<u>5,15,53,77,217</u>

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

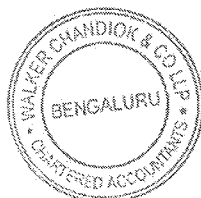
2-33

As per our report of even date.

Walker Chandiook & Co LLP
For Walker Chandiook & Co LLP
Chartered Accountants

Vijay V Singh

Per Vijay Vikram Singh
Partner
Membership No: 059139



Place : Bengaluru
Date : 9 August 2017

For and on behalf of the Board of Directors of BTI
Payments Private Limited

K Srinivas
K Srinivas
Managing Director
DIN: 03533535

David Scott Glen
David Scott Glen
Director
DIN: 02073436

Sanjay Bajaj
Sanjay Bajaj
Company Secretary and Chief Commercial Officer

Place : Bengaluru
Date : 9 August 2017

BTI Payments Private Limited

2

Statement of Profit and Loss for the year ended 31 March 2017

	Notes	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
Revenue			
Revenue from operations	19	1,20,29,33,365	87,18,19,351
Other income	20	2,40,93,275	2,96,44,259
Total revenue		1,31,70,26,631	90,44,63,610
Expenses			
Cost of services	22	1,03,86,02,496	73,87,94,423
Employee benefits expense	23	22,70,86,959	22,99,77,296
Finance costs	24	32,24,77,100	18,87,75,515
Depreciation and amortisation expense	25	29,80,78,200	20,96,72,514
Other expenses	26	22,22,81,189	22,64,91,166
Total expenses		2,10,85,26,032	1,59,37,10,914
Loss before tax		(79,14,99,401)	(68,92,47,304)
Tax expense			
Current tax		-	-
Deferred tax		2,53,27,036	68,97,749
Loss for the year		(76,61,72,365)	(68,23,49,555)
Loss per equity share			
- Basic	26	(82.84)	(73.78)
- Diluted		(79.25)	(73.78)
Summary of significant accounting policies and other explanatory information	2-33		
The accompanying notes form an integral part of the financial statements.			

As per our report of even date.

Walker Chandiook & Co LLP
For Walker Chandiook & Co LLP
Chartered Accountants

Vijay V Singh

Per Vijay Vikram Singh
Partner
Membership No: 059139

For and on behalf of the Board of Directors of BTI
Payments Private Limited

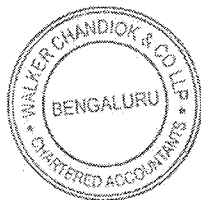
K Srinivas
K Srinivas
Managing Director
DIN: 03533535

David Scott Glen
David Scott Glen
Director
DIN: 02073436

Sanjay Bajaj
Sanjay Bajaj
Company Secretary and Chief Commercial Officer

Place : Bengaluru
Date : 9 August 2017

Place : Bengaluru
Date : 9 August 2017



BTI Payments Private Limited
Cash Flow Statement for the year ended 31 March 2017

3

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
A. Cash flow from operating activities		
Net Loss before tax	(79,14,99,401)	(68,92,47,303)
Adjustments for:		
Depreciation and amortisation	29,80,78,200	20,96,72,513
Interest income	(2,39,10,568)	(2,13,62,178)
Interest expense	23,34,48,144	18,87,75,515
Provision for doubtful receivables	75,14,379	86,96,374
Advances written off	-	-
Provision for retirement of fixed assets	(7,76,425)	39,86,429
Net gain on sale of current investment	(1,62,707)	(81,85,038)
Fixed asset written off	64,35,037	78,72,664
	<u>52,06,26,059</u>	<u>38,94,56,279</u>
Operating loss before working capital changes	(27,08,73,342)	(29,97,91,024)
Adjustments for working capital changes		
(Increase)/ decrease in trade receivables	25,39,949	(2,14,02,371)
(Increase) in long-term and short-term loans and advances	(10,29,31,509)	(6,55,19,840)
(Increase)/ decrease in non current assets	24,14,08,884	(15,82,58,884)
(Increase) in other current assets	(38,94,802)	(39,32,13,543)
Increase trade payables	5,33,77,958	9,33,70,711
Increase/ (decrease) in other current and non-current liabilities	(2,60,13,825)	11,39,98,796
Increase in long-term and short-term provisions	1,66,77,674	4,79,86,240
	<u>18,11,64,330</u>	<u>(38,30,38,891)</u>
Cash used in operations	(8,97,09,012)	(68,28,29,915)
Net income tax refund	1,14,95,891	1,41,04,754
Net cash used in operating activities (A)	<u>(7,82,13,121)</u>	<u>(66,87,25,161)</u>
B. Cash flow from investing activities		
Payments for purchase of fixed assets	(28,00,01,277)	(1,22,84,75,095)
Proceeds on sale of current investments	-	1,13,04,826
Proceeds from sale of current investments	1,62,707	81,85,038
Purchase of current investments	(12,99,20,000)	-
Interest received	2,01,05,929	1,30,97,893
Net cash generated/ (used) from/ in Investing activities (B)	<u>(38,96,52,639)</u>	<u>(1,19,52,87,338)</u>
C. Cash flow from financing activities		
Proceeds from Issue of equity shares (including premium)	16,98,09,615	1,22,56,40,747
Proceeds from borrowings, net	1,59,31,00,558	2,21,92,46,640
Interest paid	(23,34,48,144)	(18,87,75,515)
Net cash flow from financing activities (C)	<u>1,52,94,62,028</u>	<u>3,25,61,11,872</u>
Net increase in Cash and cash equivalents (A+B+C)	<u>1,06,15,96,269</u>	<u>1,39,20,99,372</u>
Cash and cash equivalents at the beginning of the year	2,50,96,69,731	1,11,75,70,360
Cash and cash equivalents at the end of the year	<u>3,57,12,66,000</u>	<u>2,50,96,69,731</u>
Components of cash and cash equivalents		
Cash and bank balances (Refer note 17)	<u>3,57,12,66,000</u>	<u>2,50,96,69,731</u>

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

As per our report of even date.

Walker Chandiosk & Co LLP
For Walker Chandiosk & Co LLP
Chartered Accountants

Vijay V Singh
per Vijay Vikram Singh
Partner



Place : Bengaluru
Date : 9 August 2017

For and on behalf of the Board of Directors of BTI
Payments Private Limited

K Srinivas
K Srinivas
Managing Director
DIN: 03533535

David Scott Glen
David Scott Glen
Director
DIN: 02073436

Sanjay Bajaj
Sanjay Bajaj
Company Secretary and Chief Commercial Officer

Place : Bengaluru
Date : 9 August 2017

BTI Payments Private Limited

Summary of significant accounting policies and other explanatory information

4

1. Corporate Information

BTI Payments Private Limited (formerly known as Banktech India Private Limited, the company) incorporated in India on Thirtieth day of June Two Thousand Six under the Companies Act, 1956 is a company owned by Banktech Group PTY Limited, Australia as Promoter and IDBI Trusteeship Services Ltd as Investor. The Registered office of the Company is situated at Corporate Tower B 8th floor, Daimond District, 150, Old Airport Road, Domlur, Bangalore – 560008.

The company is Reserve Bank of India (RBI) authorised leading White label ATM (Automated Teller Machine) Operator in India. The company also acts as a managed service provider for ATMs owned by banks and is technical services provider for banks in Point of Sale (POS) payment solution.

2. Significant accounting policies

a. Basis of preparation

The financial statements of BTI Payments Private Limited have been prepared in accordance with the generally accepted accounting principles in India ("Indian GAAP"). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 (the 'Act'), read together with Rule 7 of the Companies (Accounts Rules), 2014 (as amended). The Central Government in consultation with National Advisory Committee Accounting Standard has amended, Companies (Accounting Standards) Rule, 2006 ("the principal rules"), vide notification issued by Ministry of Corporate Affairs dated 30 March 2016. The Companies (Accounting Standards) Rules, 2016 is effective on the date of its publication in the official gazette, i.e., 30 March 2016. The Company believes that the Rule 3(2) of the principle rules has not been withdrawn or replaced and accordingly, the Companies (Accounting Standards) Rule, 2016 will apply for the accounting periods commencing on or after 30 March 2016. Accordingly, the change thereof have not given effect to while preparing these financial statements.

b. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the consideration received/receivable, excluding discounts, rebates, and Service tax or duty. The Company assesses its revenue arrangements against specific criteria, i.e., whether it has exposure to the significant risks and rewards associated with the rendering of services, in order to determine if it is acting as a principal or as an agent.

(i) Service Revenues - Service revenues include amounts invoiced for a) Interchange fee for use of White Label ATM, b) Technical service fee for POS solution and c) Managed service fee towards management of ATMs on behalf of banks. Service revenues are recognised as the services are rendered and are stated net of discounts, waivers and taxes.

(ii) Interest income - Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is included under the head 'Other income' in the Statement of Profit and Loss.

(iii) Unbilled Revenue - Unbilled revenue represent revenue recognised in respect of services provided but bills not generated to the end of the reporting period. These are billed in subsequent periods as per the terms of the contractual arrangements.

c. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires management to make judgement, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets and liabilities in future periods.

Significant estimates used by management in the preparation of these financial statements include the estimates of the economic useful lives of the fixed assets, provision for doubtful debts and provision for employee benefits. Any revision to accounting estimates is recognised prospectively in the current and future periods.

d. Tangible assets

Tangible Assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of tangible assets are required to be replaced in intervals, the Company recognises such parts as separate component of assets with specific useful lives and provides depreciation over their useful life. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are recognised in the Statement of Profit and Loss, as incurred. Capital work in progress is valued at cost.

Where assets are installed on the premises of merchants, such assets continue to be treated as tangible assets as the associated risks and rewards remain with the Company and management is confident of exercising control over them.

Gains and losses arising from retirement or disposal of the tangible assets are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in Statement of Profit and Loss on the date of retirement or disposal.

Advances paid towards the acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as other non-current assets and the cost of fixed assets not ready for their intended use before such date are disclosed as capital work-in-progress.



e. Depreciation and amortisation

Depreciation on tangible assets is provided on the straight line method based on useful lives of respective assets as estimated by the management or as prescribed under Schedule II of the Companies Act, 2013, whichever is higher. The assets' residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively. Depreciation for assets purchased or sold during a period is proportionately charged to Statement of Profit and Loss.

Useful lives/ depreciation rates:

Till the year ended March 31, 2015, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Estimated useful lives (in years) of the assets are as follows:

	Years
Automated Teller Machine *	10
POS terminals *	6
Plant and equipment *	5
Electrical equipment	10
Motor vehicles	8
Computer hardware	3 to 6
Furniture & fixtures	10
Leasehold improvements	Period of lease or 10 years, whichever is less
Office equipment	5
Computer software	3 to 6
Copyrights	10

* For these classes of assets, based on internal assessment and technical evaluation carried out, the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

f. Intangible assets

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured.

At initial recognition, the separately acquired intangible assets are recognised at cost. Following initial recognition, the intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

g. Impairment of assets

The carrying amounts of assets are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or when annual impairment testing for an asset is required. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Fair value less costs to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Impairment losses, if any, are recognised in Statement of Profit or Loss as a component of depreciation and amortisation expense. An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

h. Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

