3i INFOTECH CONSULTANCY SERVICES LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31,2017

3I INFOTECH CONSULTANCY SERVICE LIMITED
BALANCE SHEET AS AT MARCH 31, 2017

(Amount in INR)

Particulars	Notes	March 31, 2017	March 31, 2016	April 1, 2015
ASSETS				
(a) Financial Assets				
(i) Other Financial Assets	4	50,000,000	50,000,000	50,000,000
(b) Deferred Tax Asset (Net)	5	8,921,039	10,731,039	10,078,039
(c) Other Non-Current Assets	6	66,170,731	64,970,535	49,104,555
		125,091,770	**125,701,574**	**109,182,594**
Current assets				
(a) Financial Assets				
(i) Trade Receivables	7	358,183,789	348,407,062	251,034,082
(ii) Cash and Cash Equivalents	8	1,113,071	1,100,379	648,081
(iii) Loans	4	67,986	-	-
(iv) Other Financial Assets	4	44,920,903	59,285,065	53,185,929
(b) Other Current Assets	6	1,656,576	802,721	57,978,551
		405,942,325	**409,595,227**	**362,846,643**
TOTAL		**531,034,095**	**535,296,801**	**472,029,237**
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	9	48,052,110	48,052,110	48,052,110
(b) Other Equity	10	186,261,690	176,926,419	173,286,826
Total Equity		**234,313,800**	**224,978,529**	**221,338,936**
Liabilities				
Non Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	11	-	-	105,754,832
(b) Provisions	13	7,339,909	15,767,193	11,772,820
		7,339,909	**15,767,193**	**117,527,652**
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	11	166,816,763	166,816,763	52,260,679
(ii) Trade Payables	14			
Micro, Small and Medium Enterprises		-	-	-
Others		30,870,313	21,392,443	14,544,102
(iii) Other Financial Liabilities	12	32,286,773	6,108,185	4,565,942
(b) Other Current Liabilities	15	57,897,650	97,607,493	59,241,854
(c) Provisions	13	1,508,887	2,626,195	2,550,072
		289,380,386	**294,551,079**	**133,162,649**
TOTAL		**531,034,095**	**535,296,801**	**472,029,237**

Significant Accounting Policies and Notes on Accounts form an integral part of the financial statements 1 to 31

As per our report of even date attached

For and on behalf of the board

For LODHA & CO
Chartered Accountants
F.R.No.301051E

Sd/-	**Sd/-**	**Sd/-**
R.P. Baradiya	**Padmanabhan Iyer**	**Mrinal Ghosh**
Partner	**Chairman**	**Director**
M.No.: 44101	**DIN: 05282942**	**DIN:07232477**
Navi Mumbai	**Navi Mumbai**	
Date : April 28,2017	**Date : April 28,2017**	

3I INFOTECH CONSULTANCY SERVICE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in INR)

Particulars	Notes	2016-17	2015-16
REVENUE			
Revenue from operations (net)	16	508,385,221	642,061,443
Other income	17	1,457,384	1,727,190
Total Revenue (I)		**509,842,605**	**643,788,633**
EXPENSES			
Employee benefits expense	19	413,723,289	525,081,654
Cost of third party products and services	18	20,775,467	26,289,312
Finance costs	20	25,227,673	33,848,737
Other expenses	21	48,253,229	58,806,139
Total Expenses (II)		**507,979,658**	**644,025,842**
Profit/(loss) before exceptional items and tax operations (I-II)		**1,862,947**	**(237,209)**
Exceptional Items		-	-
Profit/(loss) before tax		**1,862,947**	**(237,209)**
Tax expense:			
Current tax		2,261,000	1,382,000
Adjustment of tax relating to earlier periods		-	(3,586,353)
Deferred tax		632,443	(497,085)
Minimum Alternate Tax Credit		(2,081,000)	-
Profit/(loss) for the year		**1,050,504**	**2,464,229**
OTHER COMPREHENSIVE INCOME			
A. Other Comprehensive income not to be reclassified to profit and loss in subsequent periods:			
Remeasurement of gains (losses) on defined benefit plans		10,043,324	(480,551)
Income tax effect		(3,258,557)	155,915
B. Other Comprehensive income to be reclassified to profit and loss in subsequent periods:		-	-
Other Comprehensive income for the year, net of tax		**6,784,767**	**(324,636)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**7,835,271**	**2,139,593**
Earnings per share for profit attributable to equity shareholders	22		
Basic EPS		0.22	0.51
Dilluted EPS		0.22	0.51

Significant Accounting Policies and Notes on Accounts form an integral part of the financial statements 1 to 31

As per our report of even date attached

For and on behalf of the board

For LODHA & CO
Chartered Accountants
F.R.No.301051E

Sd/-	**Sd/-**	**Sd/-**
R.P. Baradiya	**Padmanabhan Iyer**	**Mrinal Ghosh**
Partner	**Chairman**	**Director**
M.No.: 44101	**DIN: 05282942**	**DIN:07232477**
Navi Mumbai	**Navi Mumbai**	
Date : April 28,2017	**Date : April 28,2017**	

3I INFOTECH CONSULTANCY SERVICE LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in INR)

Particulars	2016-17	2015-16
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit/(Loss) before income tax :	1,862,947	(237,209)
Adjustments for:		
Interest income classified as investing cash flows	(1,402,240)	(188,916)
Finance costs	25,227,673	33,848,737
Remeasurement of gains (losses) on defined benefit plans	10,043,324	(480,551)
Net foreign exchange differences	120,625	1,536,457
Change in operating assets and liabilities:		
(Increase)/Decrease in trade receivables	(20,235,093)	(419,492,867)
Increase/(decrease) in trade payables	9,477,870	6,848,341
(Increase) in other financial assets	14,296,176	(6,099,136)
(Increase)/decrease in other current assets	(853,855)	35,309,168
Increase /(decrease) in other Financial liabilities	26,178,588	38,554,555
Increase in employee benefit obligations	(9,544,592)	4,070,496
Increase in other current liabilities	(63,433,114)	1,542,242
Cash generated from operations	**(8,261,691)**	**(304,788,683)**
Less: Income taxes (paid)/refund received	6,876,545	(881,846)
Net cash inflow from operating activities	**(1,385,146)**	**(305,670,529)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	1,397,838	-
Net cash outflow from investing activities	**1,397,838**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Received Loan	-	306,358,988
Interest paid	-	(236,162)
Net cash inflow (outflow) from financing activities	**-**	**306,122,826**
Net increase (decrease) in cash and cash equivalents	12,692	452,298
Cash and Cash Equivalents at the beginning of the financial year	1,100,379	648,081
Effects of exchange rate changes on Cash and Cash Equivalents		
Cash and Cash Equivalents at end of the year	**1,113,071**	**1,100,379**

Note:

1.The above Cash flow Statement has been prepared under the 'Indirect Method' as set out in IND AS 7 on "Statement of Cashflow " notified by the Companies Act ,2013.

2.Previous year's figures have been regrouped /rearranged wherever necessary to conform to the current year's presentation .

Significant Accounting Policies and Notes on Accounts form an integral part of the financial statements 1 to 31

As per our report of even date attached	For and on behalf of the board	
For LODHA & CO		
Chartered Accountants		
F.R.No.301051E		
Sd/-	**Sd/-**	**Sd/-**
R.P. Baradiya	**Padmanabhan Iyer**	**Mrinal Ghosh**
Partner	**Chairman**	**Director**
M.No.: 44101	**DIN: 05282942**	**DIN:07232477**
Navi Mumbai	**Navi Mumbai**	
Date : April 28,2017	**Date : April 28,2017**	

3I INFOTECH CONSULTANCY SERVICE LIMITED
STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2017

A Equity Share Capital

Particulars	Balance at the Beginning of the year	Changes in Equity share capital during the year	Balance at the end of the year
March 31, 2016			
Numbers	4,805,211	-	4,805,211
Amount	48,052,110	-	48,052,110
March 31, 2017			
Numbers	4,805,211	-	4,805,211
Amount	48,052,110	-	48,052,110

B Other Equity

Particulars	Reserves and Surplus		
	Securities Premium Reserve	Retained Earnings	Total other equity
As at April 1, 2015	**322,328,296**	**(149,041,470)**	**173,286,826**
Profit for the period		2,464,229	2,464,229
Other comprehensive income		(324,636)	(324,636)
Total comprehensive income for the year	**-**	**2,139,593**	**2,139,593**
Financial Guarantee Commission	-	1,500,000	1,500,000
As at March 31, 2016	**322,328,296**	**(145,401,877)**	**176,926,419**
Profit for the period		1,050,504	1,050,504
Other comprehensive income		6,784,767	6,784,767
Total comprehensive income for the year	**-**	**7,835,271**	**7,835,271**
Financial Guarantee commission	-	1,500,000	1,500,000
As at March 31, 2017	**322,328,296**	**(136,066,606)**	**186,261,690**

Significant Accounting Policies and Notes on Accounts form an integral part of the financial statements 1 to 31

For LODHA & CO
Chartered Accountants
F.R.No.301051E

Sd/-
R.P. Baradiya
Partner
M.No.: 44101

Navi Mumbai
Date : April 28,2017

For and on behalf of the board

Sd/-
Padmanabhan Iyer
Chairman
DIN: 05282942

Sd/-
Mrinal Ghosh
Director
DIN:07232477

Navi Mumbai
Date : April 28,2017

3I INFOTECH CONSULTANCY SERVICE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1 Corporate Information

3i Infotech Consultancy Service Limited (referred to as “the Company”) is a wholly owned subsidiary of 3i Infotech Limited. The Company undertakes Consultancy Services and Transaction Processing Services.

The financial statements for the year ended March 31,2017 were approved by the Board of Directors and authorised for issue on April 28, 2017.

2 Significant Accounting Policies

a) Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted with effect from April 1,2016 Indian Accounting Standards (referred to as "Ind AS")notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act 2013. These financial statements for the year ended March 31,2017 are the first ; the Company has prepared in accordance with Ind AS .Previous periods have been restated to Ind AS. (Refer to Note 3 for information on how the Company adopted Ind AS.)

b) Basis of preparation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

c) Use of estimates and judgments

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key sources of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are in respect of impairment of investments, useful lives of property, plant and equipment, valuation of deferred tax assets, provisions and contingent liabilities.

(i) Impairment of investments

The Company reviews its carrying value of investments carried at amortised cost annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

(ii) Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

(iii) Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under Note 5

(iv) Provisions and Contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past event 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 and compensated absences) are not discounted to its present value and are determined based on 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. Contingent liabilities are not recognised in the financial statements. A contingent asset in neither recognised nor disclosed in the financial statements.

d) Revenue Recognition

Revenue from consulting services is recognized either on time and material basis or fixed price basis, as the case may be. Revenue on time and material contracts is recognized as and when services are performed. Revenue on fixed-price contracts is recognized as per the milestone completion method.

Revenue from Staff augmentation services are recognized based on number of manpower deployed as per the terms of the relevant agreements.

e) Interest / Dividend Income

Dividend income is recorded when the right to receive payment is established. Interest income is recognised using the effective interest method on time proportion basis.

f) Leases

(i) Finance lease

Assets taken on lease by the Company in its capacity as a lessee, where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalised at the inception of the lease at the lower of the fair value or the present value of the minimum lease payments and a liability is recognised for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

(ii) Operating lease

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease. Operating lease payments are recognised on a straight line basis over the lease term in the statement of profit and loss, unless the lease agreement explicitly states that increase is on account of inflation.

g) Cost recognition

Costs and expenses are recognised when incurred and have been classified according to their nature.

The costs of the Company are broadly categorised in employee benefit expenses, cost of third party products and services, finance costs, depreciation and amortisation and other expenses. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Cost of third party products and services mainly include purchase of software licenses and products, fees to external consultants, cost of running its facilities, cost of equipment and other operating expenses. Finance cost includes interest and other borrowing cost. Other expenses is an aggregation of costs which are individually not material such as commission and brokerage, printing and stationery, communication, repairs and maintenance etc.

h) Foreign currency

The functional currency of the Company is Indian rupee (INR).

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in statement of profit and loss. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

Non monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined

i) Income taxes

Current income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Advance taxes and provisions for current income taxes are presented in the Balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

Deferred income taxes

Deferred income tax is recognised using the Balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax asset are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

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 tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future economic tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

The Company recognises interest levied and penalties related to income tax assessments in finance costs.

j) Financial instruments

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

(i) Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

(ii) Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

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

- Debt instruments at amortised cost

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

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

- Debt instrument at Fair value through other comphrehensive income (FVTOCI)

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

(a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

(b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

- Debt instrument at Fair value through profit and loss (FVTPL)

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

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

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

- Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by- instrument basis. The classification is made on initial recognition and is irrevocable.
If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.
Interest in subsidiaries, associates and joint ventures are accounted at cost.

Derecognition

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

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received

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

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

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 27 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

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

Subsequent measurement

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

- **Financial Liabilities at fair value through profit or loss**

  Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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

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

- **Loans and borrowings**

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

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

- **Financial guarantee contracts**

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

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(vi) Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

(v) Offsetting of financial instruments

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

k) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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 any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives adopted by Company

Category of Assets	Useful lives adopted by Company	Useful Lives prescribed under Schedule II of the Act
Computers	3 years	3-6 years
Office Equipment	5 years	5 years
Furniture and Fixtures	5 years	10 years

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. 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.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

l) Intangible assets

(i) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the operating segments.

(ii) Patents, copyrights , Business commercial rights and other rights

Separately acquired patents and copyrights are shown at historical cost. Patents, copyrights and non-compete acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(iii) Computer software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

(vi) Research and development

Research expenditure and development expenditure that do not meet the criteria specified above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Amortisation methods and periods

The Company amortises intangible assets with a finite useful life using the straight-line method over the following periods:

Category of Assets	Useful lives adopted by Company
Goodwill	5 years
Business Commercial rights	10 years
Software products	10 years
Software others	5 years or as per license period

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

m) Impairment

(i) Financial assets (other than at fair value)

The Company assesses at each date of Balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and/or all trade receivables 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 or the financial asset has increased significantly since initial recognition.

(ii) Non-financial assets

Tangible and intangible assets

Property, plant and equipment and intangible assets within finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

n) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

(a) defined benefit plans such as gratuity; and

(b) defined contribution plans such as provident fund.

- **Gratuity obligations**

  The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

- **Defined contribution plans**

  The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

p) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

q) Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

r) Contingent liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition.

s) Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

t) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

u) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity

v) Current/non current classification

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

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

w) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest rupee as per the requirement of Schedule III, unless otherwise stated.

3I INFOTECH CONSULTANCY SERVICE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

3. FIRST TIME ADOPTION OF IND AS

These are the Company's first financial statements prepared in accordance with Ind AS. The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet at April 1, 2015 (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 notified under Companies (Accounting Standards) Rules, 2006 (as amended) 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.

Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

i. Reconciliation of equity as at date of transition (April 1, 2015) **(Amount in INR)**

Particulars	Notes	IGAAP	Ind-AS Adjustments	Ind-AS
ASSETS				
Non-Current Assets				
(a) Financial Assets				
(i) Other Financial Assets	4	50,000,000	-	50,000,000
(b) Deferred Tax Asset (Net)	5	10,078,039	-	10,078,039
(c) Other Non-Current Assets	6	49,104,555	-	49,104,555
		109,182,594	**-**	**109,182,594**
Current assets				
(a) Financial Assets				
(i) Trade Receivables	7	251,034,082	-	251,034,082
(ii) Cash and Cash Equivalents	8	648,081	-	648,081
(iii) Other Financial Assets	4	53,185,929	-	53,185,929
(b) Other Current Assets	6	57,978,551	-	57,978,551
		362,846,643	-	362,846,643
TOTAL		**472,029,237**	**-**	**472,029,237**
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	9	48,052,110	-	48,052,110
(b) Other Equity	10	173,286,826	-	173,286,826
Equity attributable to equity holders of the parent		**221,338,936**	**-**	**221,338,936**
Liabilities				
Non Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	11	105,754,832	-	105,754,832
(b) Provisions	13	11,772,820	-	11,772,820
		117,527,652	**-**	**117,527,652**
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	11	52,260,679	-	52,260,679
(ii) Trade Payables	14			
Micro, Small and Medium Enterprises		-	-	-
Others		14,544,102	-	14,544,102
(iii) Other Financial Liabilities	12	4,565,942	-	4,565,942
(b) Other Current Liabilities	15	59,241,854	-	59,241,854
(c) Provisions	13	2,550,072	-	2,550,072
		133,162,649	**-**	**133,162,649**
TOTAL		**472,029,237**	**-**	**472,029,237**

3I INFOTECH CONSULTANCY SERVICE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

ii. Reconciliation of equity as at March 31, 2016 **(Amount in INR)**

Particulars	Notes	IGAAP	Ind-AS Adjustments	Ind-AS
ASSETS				
Non-Current Assets				
(a) Financial Assets				
(i) Other Financial Assets	4	50,000,000	-	50,000,000
(b) Deferred Tax Asset (Net)	5	10,731,039	-	10,731,039
(c) Other Non-Current Assets	6	64,970,535	-	64,970,535
		125,701,574	**-**	**125,701,574**
Current assets				
(a) Financial Assets				
(i) Trade Receivables	7	348,407,062	-	348,407,062
(ii) Cash and Cash Equivalents	8	1,100,379	-	1,100,379
(iii) Other Financial Assets	4	59,285,065	-	59,285,065
(c) Current Tax Assets (Net)		-		-
(b) Other Current Assets	6	802,721	-	802,721
		409,595,227	**-**	**409,595,227**
TOTAL		**535,296,801**	**-**	**535,296,801**
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	9	48,052,110	-	48,052,110
(b) Other Equity	10	176,926,419	-	176,926,419
Total Equity		**224,978,529**	**-**	**224,978,529**
Liabilities				
Non Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	11	-	-	-
(b) Provisions	13	15,767,193	-	15,767,193
		15,767,193		**15,767,193**
Current Liabilities				
(a) Financial Liabilities				
(i) Trade Payables	14			
Micro, Small and Medium Enterprises		-	-	-
Others		21,392,443	-	21,392,443
(ii) Other Financial Liabilities	12	6,108,185	-	6,108,185
(b) Other Current Liabilities	15	97,607,493	-	97,607,493
(c) Provisions	13	2,626,195	-	2,626,195
		294,551,080	**-**	**294,551,080**
TOTAL		**535,296,801**	**-**	**535,296,801**

3I INFOTECH CONSULTANCY SERVICE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

iii. Reconciliation of total comprehensive income for the year ended March 31, 2016 **(Amount in INR)**

Particulars	Notes	IGAAP	Adjustments	IND AS Balance
REVENUE				
Revenue from operations (net)	16	642,061,443	-	642,061,443
Other income	17	1,727,190	-	1,727,190
Total Revenue (I)		**643,788,633**		**643,788,633**
EXPENSES				
Cost of materials consumed	19	525,081,654	-	525,081,654
Employee benefits expense	18	26,769,863	(480,551)	26,289,312
Finance costs	20	32,348,737	1,500,000	33,848,737
Other expenses	21	58,806,138		58,806,139
Total Expenses (II)		**643,006,392**	**1,019,449**	**644,025,842**
Profit/(loss) before exceptional items and tax (I-II)		**782,241**	**(1,019,449)**	**(237,209)**
Exceptional Items				
Profit/(loss) before tax		**782,241**	**(1,019,449)**	**(237,209)**
Tax expense:				
Current tax		1,382,000	-	1,382,000
Adjustment of tax relating to earlier periods		(3,586,353)	-	(3,586,353)
Deferred tax		(653,000)	155,915	(497,085)
Profit/(loss) for the year		**3,639,594**	**(1,175,364)**	**2,464,229**
OTHER COMPREHENSIVE INCOME				
A. Other Comprehensive income not to be reclassified to profit and loss in subsequent periods:				
Remeasurement of gains (losses) on defined benefit plans		-	(480,551)	(480,551)
Income tax effect		-	155,915	155,915
Other Comprehensive income for the year, net of tax		**-**	**(324,636)**	**(324,636)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**3,639,594**	**(1,500,000)**	**2,139,593**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

iv. Reconciliation of total equity as at March 31, 2016 and April 1, 2015 **(Amount in INR)**

Particulars	March 31, 2016	April 1, 2015
Total equity (shareholder's funds) as per previous GAAP	176,926,419	173,286,826
Adjustments	-	-
Total equity as per Ind AS	**176,926,419**	**173,286,826**

v. Reconciliation of total comprehensive income for the year ended March 31, 2016 **(Amount in INR)**

Particulars	March 31, 2016
Profit after tax as per previous GAAP	3,639,594
Adjustments:	
Financial Guarantee Comission	(1,500,000)
Remeasurements of post-employment benefit obligations	480,550
Tax effects of adjustments	(155,915)
Total adjustments	**(1,175,365)**
Profit after tax as per Ind AS	2,464,229
Other comprehensive income	(324,636)
Total comprehensive income as per Ind AS	**2,139,593**

vi. Reconciliation of statement of cash flows:

There are no material adjustments to the Statement of Cash flows as reported under the previous GAAP.

C. Notes to first-time adoption:

Note 1: Deferred tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

Note 2: Remeasurements 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 OCI instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the statement of profit and loss for the year.

Under Ind AS, liability from financial guarantees against the bank guarantees issued to banks by the Holding Company in relation to loans availed by the Company is recorded initially at fair value. The adjustment represents the fair value of the guarantee.

Note 4: Retained earnings

Retained earnings as at April 1, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

Note 5: Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in statement of profit and loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in statement of profit and loss but are shown in the statement of profit and loss as 'OCI' includes remeasurements of defined benefit plans. The concept of OCI did not exist under previous GAAP.

3I INFOTECH CONSULTANCY SERVICE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

4. FINANCIAL ASSETS

(Amount in INR)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
(A) LOANS			
Current			
Unsecured, considered good unless otherwise stated			
Loans to Employees	67,986	-	-
Total	**67,986**	**-**	**-**
(B) OTHER FINANCIAL ASSETS			
Non Current			
Financial assets carried at amortised cost			
Security Deposits From Holding company (Refer note 25)	50,000,000	50,000,000	50,000,000
Total	**50,000,000**	**50,000,000**	**50,000,000**
Current			
Financial assets carried at amortised cost			
Unbilled Revenue	613,847	422,246	1,439,940
Unbilled Revenue from Related Parties (Refer note 25)	44,307,056	58,862,819	51,745,989
Total	**44,920,903**	**59,285,065**	**53,185,929**

3I INFOTECH CONSULTANCY SERVICE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

5. INCOME TAX

Deferred Tax (Amount in INR)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Deferred tax relates to the following:			
Fixed Assets	2,391,000	2,743,000	4,647,000
Expenses allowable on payment basis	2,363,000	5,902,000	3,345,000
MAT Credit entitlement	4,167,039	2,086,039	2,086,039
Net Deferred Tax Assets / (Liabilities)	**8,921,039**	**10,731,039**	**10,078,039**

Movement in deferred tax liabilities/assets

Particulars	March 31, 2017	March 31, 2016
Opening balance as of April 1	8,645,000	7,992,000
Tax income/(expense) during the period recognised in profit or loss	(632,443)	497,085
Tax income/(expense) during the period recognised in OCI	(3,258,557)	155,915
Closing balance as at March 31	**4,754,000**	**8,645,000**

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 liablities relate to income taxes levied by the same tax authority

Considering the probability of availability of future taxable profits in the period in which tax losses expire, deferred tax assets have not been recognised in respect of tax lossses carried forward by the Company

Major Components of income tax expense for the years ended March 31, 2017 and March 31, 2016 are as follows:

i. Income tax recognised in profit or loss (Amount in INR)

Particulars	2016-17	2015-16
Current income tax charge	2,261,000	1,382,000
Adjustment in respect of current income tax of previous year	-	(3,586,353)
Deferred tax	(632,443)	497,085
Mat credit	(2,081,000)	-
Income tax expense recognised in profit or loss	**(452,443)**	**(1,707,268)**

ii. Income tax recognised in OCI

Particulars	March 31, 2017	March 31, 2016
Net loss/(gain) on remeasurements of defined benefit plans	(3,258,557)	155,915
Income tax expense recognised in OCI	**(3,258,557)**	**155,915**

iii. Amounts recognised directly in equity

Particulars	March 31, 2017	March 31, 2016
Aggregate current and deferred tax arising in the reporting period and not recognised in profit or loss or other comprehensive income but directly debited/(credited) to equity	-	-

Reconciliation of tax expense and accounting profit multiplied by income tax rate for March 31, 2017 and March 31, 2016

Particulars	March 31, 2017	March 31, 2016
Profit Before tax as per IND AS	**1,862,947**	**(237,209)**
Adjustments:		
Remeasurement of gains (losses) on defined benefit plans	10,043,324	(480,551)
Financials Guarantee commission	-	1,500,000
Profit before tax	11,906,271	782,240
Accounting profit before income tax	**11,906,271**	**782,240**
Enacted tax rate in India	30.90%	30.90%
Income tax on accounting profits	**3,679,038**	**241,712**
Depreciation	(704,096)	(2,346,712)
Other non deductible expenses	4,132	
Expenditure allowable on payment basis	(6,690,074)	4,140,000
Adjustment of tax relating to earlier periods	-	(3,586,353)
	(3,711,000)	**(1,551,353)**

3I INFOTECH CONSULTANCY SERVICE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

6. OTHER ASSETS

(Amount in INR)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Non Current			
Others			
- Payment of Taxes (Net of Provisions)	66,170,731	64,970,535	49,104,555
Total	**66,170,731**	**64,970,535**	**49,104,555**
Current			
Advances other than Capital advances			
- Advances to Related Parties (Refer note 25)	-	174,343	57,410,271
- Other Advances	182,974	208,378	568,280
Others			
- Prepaid expenses	558,478	-	-
- Balances with Statutory, Government Authorities	915,124	420,000	-
Total	**1,656,576**	**802,721**	**57,978,551**

7. TRADE RECEIVABLES

(Amount in INR)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Current			
Trade Receivables from customers	208,994	1,361,776	1,799,349
Receivables from other related parties (Refer note 25)	357,974,795	347,045,286	249,234,733
Total	**358,183,789**	**348,407,062**	**251,034,082**

Trade or Other Receivable due from directors or other officers of the company either severally or jointly with any other person amounted to INR NIL (Previous year INR NIL)

Trade or Other Receivable due from firms or private companies respectively in which any director is a partner, a director or a member amounted to INR NIL (Previous year INR NIL)

8. CASH AND CASH EQUIVALENTS

(Amount in INR)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Balances with banks:			
- On current accounts	1,113,071	1,100,379	648,081
Total	**1,113,071**	**1,100,379**	**648,081**

3I INFOTECH CONSULTANCY SERVICE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

9. SHARE CAPITAL

i. Authorised Share Capital **(Amount in INR)**

Particulars	Equity Share	
	Number	Amount
At April 1, 2015	4,805,211	48,052,110
Increase/(decrease) during the year	-	-
At March 31, 2016	4,805,211	48,052,110
Increase/(decrease) during the year	-	-
At March 31, 2017	**4,805,211**	**48,052,110**

Terms/rights attached to equity shares

The company has only one class of equity shares having par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

ii. Issued, subscribed and paid up Capital

Particulars	Number	Amount
Equity shares of INR 10 each issued, subscribed and fully paid		
At April 1, 2015	4,805,211	48,052,110
Issued during the period	-	-
At March 31, 2016	4,805,211	48,052,110
Issued during the period	-	-
At March 31, 2017	**4,805,211**	**48,052,110**

iii. Shares held by holding/ ultimate holding company and / or their subsidiaries / associates

Out of equity and preference shares issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries/ associates are as below:

Particulars	March 31, 2017	March 31, 2016
3i Infotech Limited (The Holding company) and by its nominees		
Equity shares	4,805,211	4,805,211

iv. Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at March 31, 2017		As at March 31, 2016	
	Number	% holding	Number	% holding
Equity shares of INR 10 each fully paid				
3i Infotech Limited (The Holding company) and by its nominees	4,805,211	100%	4,805,211	100%

v. No equity shares are issued as bonus , for consideration other than cash or bought back during the period of five years immediately preceding the reporting date.

3I INFOTECH CONSULTANCY SERVICE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

10. OTHER EQUITY

i. Reserves and Surplus **(Amount in INR)**

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Securities Premium Reserve	322,328,296	322,328,296	322,328,296
Retained Earnings	(136,066,606)	(145,401,877)	(149,041,470)
Total	**186,261,690**	**176,926,419**	**173,286,826**

(a) Securities Premium Reserve **(Amount in INR)**

Particulars	March 31, 2017	March 31, 2016
Opening balance	322,328,296	322,328,296
Add/(Less):		
Exercise of options - proceeds received	-	-
Acquisition of subsidiary	-	-
Rights issue	-	-
Other issue	-	-
Transaction costs arrising on share issue	-	-
Closing balance	**322,328,296**	**322,328,296**

(b) Retained Earnings **(Amount in INR)**

Particulars	March 31, 2017	March 31, 2016
Opening balance	(145,401,877)	(149,041,470)
Net Profit/(Loss) for the period	1,050,504	2,464,229
Add/(Less):		
Financial Guarantee commission	1,500,000	1,500,000
Items of Other Comprehensive Income directly recognised in Retained Earnings		
Remeasurement of post employment benefit obligation, net of tax	6,784,767	(324,636)
Closing balance	**(136,066,606)**	**(145,401,877)**

3I INFOTECH CONSULTANCY SERVICE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

11. BORROWINGS

(Amount in INR)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Non Current Borrowings			
Unsecured			
(i) Others	-	-	105,754,832
	-	-	105,754,832
Current Borrowings			
Unsecured			
(i) Loans repayable on demand			
From Banks	-	-	52,260,679
(ii) Loans from Related Parties (Refer note 25)	166,816,763	166,816,763	-
Total	**166,816,763**	**166,816,763**	**52,260,679**

Particulars	Coupon / Interest Rate	March 31, 2017	March 31, 2016	April 1, 2015
				(Amount in INR)
Non Current Borrowings				
Unsecured				
Term Loans				
From Banks	12.5%	-	-	105,754,832

Particulars	Coupon / Interest Rate	March 31, 2017	March 31, 2016	April 1, 2015
				(Amount in INR)
Current Borrowings				
Unsecured				
Loans repayable on demand				
From Banks	18%	-	-	52,260,679
Loans from Related Parties	10%	166,816,763	166,816,763	-

12. OTHER FINANCIAL LIABILITIES

(Amount in INR)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Current			
Interest accrued and due on borrowings from Related party (Refer note 25)	15,013,508	-	-
Dues to employees	17,273,265	6,108,185	4,565,942
Total	**32,286,773**	**6,108,185**	**4,565,942**

3I INFOTECH CONSULTANCY SERVICE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

13. PROVISIONS

(Amount in INR)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Non Current			
Provision for employee benefits			
Gratuity (Refer Note 23)	7,339,909	15,767,193	11,772,820
Total	**7,339,909**	**15,767,193**	**11,772,820**
Current			
Provision for employee benefits			
Gratuity (Refer Note 23)	370,380	472,445	370,709
Leave encashment	1,138,507	2,153,750	2,179,363
Total	**1,508,887**	**2,626,195**	**2,550,072**

14. TRADE PAYABLES

(Amount in INR)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Current			
Trade Payables to Related Parties (Refer note 25)	24,253,353	14,423,501	5,865,497
Trade Payables to Others	6,616,960	6,968,942	8,678,605
Total	**30,870,313**	**21,392,443**	**14,544,102**

15. OTHER LIABILITIES

(Amount in INR)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Current			
Others			
Advance received from Related party (Refer note 25)	51,252,751	52,774,081	24,197,298
Statutory Liabilities	6,644,183	44,833,412	35,044,556
Others	716	-	-
Total	**57,897,650**	**97,607,493**	**59,241,854**

3I INFOTECH CONSULTANCY SERVICE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

16. REVENUE FROM OPERATIONS

(Amount in INR)

Particulars	2016-17	2015-16
Sale of services		
IT Solutions - SOS	508,385,221	642,061,443
Total	**508,385,221**	**642,061,443**

17. OTHER INCOME

(Amount in INR)

Particulars	2016-17	2015-16
Interest income on		
Others	1,402,240	188,916
Foreign Exchange Fluctuation Gain (net)	-	1,536,457
Miscellaneous Income	55,144	1,817
Total	**1,457,384**	**1,727,190**

18. COST OF THIRD PARTY PRODUCTS AND SERVICES

(Amount in INR)

Particulars	2016-17	2015-16
Cost of third party products / outsourced services		
For service delivery to clients	20,775,467	26,289,312
Total	**20,775,467**	**26,289,312**

19. EMPLOYEE BENEFITS EXPENSE

(Amount in INR)

Particulars	2016-17	2015-16
Salaries, wages and bonus	356,384,927	448,060,230
Contribution to provident and other funds	29,977,721	42,794,417
Staff welfare expenses	21,862,775	27,772,495
Gratuity Expense	4,174,008	6,208,877
Recruitment and training expenses	1,323,858	245,635
Total	**413,723,289**	**525,081,654**

20. FINANCE COST

(Amount in INR)

Particulars	2016-17	2015-16
Interest expense on debts and borrowings	23,727,673	32,348,737
Guarantee Commission Expense	1,500,000	1,500,000
Total	**25,227,673**	**33,848,737**

21. OTHER EXPENSES

(Amount in INR)

Particulars	2016-17	2015-16
Selling, Administration and Other Expenses		
Auditor's remuneration	600,000	500,000
Insurance	4,218,266	4,020,385
Legal and professional fees	6,652,595	4,192,094
Rates and taxes	884,507	316,213
Telephone and internet expenses	3,170,301	4,567,807
Travelling & conveyance expenses	32,578,443	45,209,640
Miscellaneous expenses	11	-
Bank charges	28,481	-
Foreign exchange fluctuation loss	120,625	-
Total	**48,253,229**	**58,806,139**

(a) Details of Payments to auditors (Amount in INR)

Particulars	2016-17	2015-16
As auditor		
Audit Fee	400,000	400,000
Tax audit fee	200,000	100,000
In other capacity		
Taxation matters	-	56,000
Re-imbursement of expenses	18,420	-
Total	**618,420**	**556,000**

(b) Corporate social responsibility expenditure

As per Section 135 of the Companies Act 2013 , the Company does not meet the applicability threshold . Hence the provision of the said section are not applicable during the current financial year.

(c) Earnings in foreign currency (Amount in INR)

Particulars	2016-17	2015-16
Income from Operations	72,526	6,459,523
Total	**72,526**	**6,459,523**

22. EARNINGS PER SHARE

(Amount in INR)

Particulars	March 31, 2017	March 31, 2016
(a) Basic earnings per share	**0.22**	**0.51**
(b) Dilluted earnings per share	**0.22**	**0.51**
(c) Reconciliations of earnings used in calculating earnings per share		
Basic earnings per share		
Profit attributable to the equity holders of the company used in calculating basic earnings per share	1,050,504	2,464,229
Dilluted earnings per share		
Profit attributable to the equity holders of the company used in calculating dilluted earnings per share	1,050,504	2,464,229
(d) Weighted average number of shares used as the denominator		
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	4,805,211	4,805,211
Adjustments for calculation of dilluted earnings per share:		
Options	-	-
Convertible Bonds	-	-
Convertible Preference shares	-	-
Weighted average number of equity shares used as the denominator in calculating dilluted earnings per share	**4,805,211**	**4,805,211**

23. EMPLOYEE BENEFIT OBLIGATIONS

(Amount in INR)

Particulars	March 31, 2017			March 31, 2016		
	Current	Non Current	Total	Current	Non Current	Total
Leave obligations	1,138,507	-	1,138,507	2,153,750	-	2,153,750
Gratuity	370,380	7,339,909	7,710,289	472,445	15,767,193	16,239,638
Defined pension benefits			-			-
Total Employee Benefit Obligation	**1,508,887**	**7,339,909**	**8,848,796**	**2,626,195**	**15,767,193**	**18,393,388**

(i) Leave Obligations

The leave obligations cover the company's liability for sick and earned leave.

The amount of the provision of INR 1,138,507 (March 31, 2016: INR 2,153,750) is presented as current, since the company does not have an unconditional right to defer settlement for any of these obligations.

(ii) Post Employement obligations

a) Gratuity

The company provides for gratuity for employees in india as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of five years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied by number of years of service upto 10 years and 26 days salary multiplied by number of years of service beyond 11 years.

The gratuity plan is a **funded plan** and the company makes contributions to recognised funds in India. The company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

The amount recognised in the balance sheet and the movement in the net defined benefit obligation over the period are as follows

Particulars	Present value of obligation	Fair value of plan assets	Net amount
As at April 1, 2015	**12,143,529**	**-**	**12,143,529**
Current service cost	5,443,476		5,443,476
Interest expense/(income)	962,069	-	962,069
Total amount recognised in profit or loss	**6,405,545**	**-**	**6,405,545**
Remeasurements			
(Gain)/Loss from change in demographic assumptions	1,557,143		1,557,143
Experience (gains)/losses	(1,076,592)		(1,076,592)
Total amount recognised in other comprehensive income	**480,551**	**-**	**480,551**
Employer contributions			-
Benefit payments	(2,789,987)		(2,789,987)
As at March 31, 2016	**16,239,638**	**-**	**16,239,638**
Current service cost	2,784,767		2,784,767
Interest expense/(income)	1,282,020	-	1,282,020
Total amount recognised in profit or loss	**4,066,787**	**-**	**4,066,787**
Remeasurements			
(Gain)/Loss from change in financial assumptions	403,515		403,515
Experience (gains)/losses	(10,446,839)		(10,446,839)
Total amount recognised in other comprehensive income	**(10,043,324)**	**-**	**(10,043,324)**
Benefit payments	(2,552,812)		(2,552,812)
As at March 31, 2017	7,710,289	-	7,710,289

The net liability disclosed above relates to funded and unfunded plans are as follows:

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Present value of funded obligations	7,710,289	16,239,638	12,143,529
Fair value of plan assets	-	-	-
Deficit of funded plan	**7,710,289**	**16,239,638**	**12,143,529**
Unfunded plans	-	-	-
Deficit of gratuity plan	**7,710,289**	**16,239,638**	**12,143,529**

The significant actuarial assumptions were as follows:

Particulars	March 31, 2017	March 31, 2016
Discount rate	7.40%	7.90%
Expected return on plan assets		
Salary growth rate		
For first 3 years	3.00%	3.00%
After 3 years	2.00%	2.00%
Withdrawal rate		
Upto 4 years	13.50%	13.50%
5 years and above	5%	5.00%
Mortality rate	100%	100.00%

A quantitative sensitivity analysis for significant assumption as at March 31, 2017 is shown below:

Assumptions	Discount rate		Salary growth rate		Attrition rate	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease	50% increase	50% decrease
March 31, 2017						
Impact on defined benefit obligation	6,936,030	8,629,608	8,631,311	6,923,947	7,850,861	7,141,840
% Impact	-10.00%	11.90%	11.90%	-10.20%	1.80%	-7.40%
March 31, 2016						
Impact on defined benefit obligation	14,620,915	18,156,319	18,167,812	14,590,128	16,681,476	14,745,534
% Impact	-10.00%	11.80%	11.90%	-10.20%	2.70%	-9.20%

Assumptions	Mortality rate	
Sensitivity Level	10% increase	10% decrease
March 31, 2017		
Impact on defined benefit obligation	7,718,907	7,701,631
% Impact	0.10%	-0.10%
March 31, 2016		
Impact on defined benefit obligation	16,259,898	16,219,287
% Impact	0.10%	-0.10%

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

The following payments are expected contributions to the defined benefit plan in future years:

(Amount in INR)

Particulars	March 31, 2017	March 31, 2016
Within the next 12 months	-	-
Between 2 and 5 years	-	-
Between 5 and 10 years	-	-
Beyond 10 years	-	-
Total expected payments	-	-

The average duration of the defined benefit plan obligation at the end of the reporting period is 11 years (March 31, 2016: 11 years)

Expected cash flows over the next (valued on undiscounted basis)

Particulars	March 31, 2017	March 31, 2016
1 year	370,380	-
2 to 5 years	1,867,923	-
6 to 10 years	3,372,902	-
More than 10 years	15,846,084	-

(iii) Defined contribution plans

The company also has defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual nor any contructive obligation. The expense recognised during the period towards defined contribution plan is INR 23,615,302 (March 31, 2016: INR 32,789,391)

3I INFOTECH CONSULTANCY SERVICE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

24. COMMITMENTS AND CONTINGENCIES

(Amount in INR)

B. Contingent Liabilities	
i. Claim against the company not acknowledged as debt	
(a)Rashtriya General Kamgar Sena V/s 3i Infotech Consultancy Services Ltd. & Others	Unacertainable
(b)Disputed Income Tax matter (including interest upto the date of demand)	8,725,799

25. RELATED PARTY TRANSACTIONS

(i) List of related parties as per the requirements of Ind-AS 24 - Related Party Disclosures

Name of Related Party	Nature of Relationship	Country of Incorporation
3i Infotech Limited	Holding Company	India
3i Infotech Saudi Arabia LLC	Fellow Subsidiary	Saudi Arabia
3i Infotech (Africa) Limited	Fellow Subsidiary	Kenya
3i Infotech (Middle East) FZ LLC	Fellow Subsidiary	UAE
3i Infotech Holdings Private Limited	Fellow Subsidiary	Mauritius
3i Infotech (UK) Limited	Fellow Subsidiary	UK
3i Infotech (Western Europe) Holdings Limited	Fellow Subsidiary	UK
Rhyme Systems Limited	Fellow Subsidiary	UK
3i Infotech Financial Software Inc.	Fellow Subsidiary	USA
3i Infotech Framework Limited	Fellow Subsidiary	UK
Professional Access Software Development Private Limited	Fellow Subsidiary	India
Locuz Enterprise Solutions Limited	Fellow Subsidiary	India
3i Infotech BPO Limited	Fellow Subsidiary	India
3i Infotech Inc.	Fellow Subsidiary	USA
3i Infotech Asia Pacific Pte Limited	Fellow Subsidiary	Singapore
3i Infotech SDN BHD	Fellow Subsidiary	Malaysia
3i Infotech (Thailand) Limited	Fellow Subsidiary	Thailand
3i Infotech Services SDN BHD	Fellow Subsidiary	Malaysia
Black Barret Holdings Limited	Fellow Subsidiary	Cyprus
3i Infotech (Flagship-UK) Limited	Fellow Subsidiary	UK
Professional Access Limited (Upto 14th August, 2014)	Fellow Subsidiary	India
3i Infotech Outsourcing Services Limited	Fellow Subsidiary	India
3i Infotech Trusteeship Limited (upto 15th October, 2015)	Fellow Subsidiary	India
Locus INC	Fellow Subsidiary	USA
IFRS Cloud Solution Ltd	Fellow Subsidiary	India
Elegon Infotech Limited	Fellow Subsidiary	China
3i Infotech South Africa (PTY) Limited	Fellow Subsidiary	Republic of South Africa

Key Managerial Personnal (KMP) :	Designation / Details
Mr. Padmanabhan Iyer	Director
Mr. Mrinal Ghosh	Director
Mr. Sagar Thakurdesai	Director

3I INFOTECH CONSULTANCY SERVICE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(ii) Transactions with related parties

The following transactions occurred with related parties

Name	Nature of Relationship	Nature of Transaction	March 31, 2017	March 31, 2016
3i Infotech Limited	Holding Company	Income	502,338,218	626,653,816
		Corporate Charges	19,947,407	26,289,312
		Interest Income	-	180,670
		Interest Expense	21,094,732	-
		Financial Guarantee commission	1,500,000	-
3i Infotech (Middle East) FZ LLC	Fellow Subsidiary	Income	72,526	6,459,523

(iii) Outstanding balances arising from sales/purchases of goods and services

Name	Nature of Relationship	March 31, 2017	March 31, 2016	April 1, 2015
3i Infotech Limited	Holding Company			
Trade receivables		355,101,996	309,488,503	220,386,530
Advance receivable		-	174,343	57,410,271
Unbilled Revenue		44,307,056	58,855,765	51,026,336
EMD		50,000,000	50,000,000	50,000,000
Trade Payables		24,253,353	14,423,501	5,865,497
Interest Payable		15,013,508	-	-
Financial Guarantee commission Payables		3,000,000	-	-
3i Infotech (Middle East) FZ LLC	Fellow Subsidiary			
Trade receivables		2,872,799	37,556,782	28,848,203
Unbilled Revenue		-	7,054	719,653
3i Infotech BPO Limited	Fellow Subsidiary			
Advance taken		51,252,751	52,774,081	24,197,298

Loans from related parties	Nature of Relationship	Particulars	March 31, 2017	March 31, 2016
3i Infotech Limited	Holding Company	Loan at the beginning of the year	166,816,763	-
		Loans received	-	166,816,763
		Loan repayments made	-	-
		Loan at the end of the year	166,816,763	166,816,763
		Interest charged	16,681,676	-
		Interest paid	-	-
		TDS	1,668,168	
		Interest Payable at the end of the year	15,013,508	-

3I INFOTECH CONSULTANCY SERVICE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

26. FAIR VALUE MEASUREMENTS

i. Financial Instruments by Category **(Amount in INR)**

Particulars	Carrying Amount			Fair Value		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
FINANCIAL ASSETS						
Amortised cost						
Trade Receivables	358,183,789	348,407,062	251,034,082	358,183,789	348,407,062	251,034,082
Loans	67,986	-	-	67,986	-	-
Cash and Cash Equivalents	1,113,071	1,100,379	648,081	1,113,071	1,100,379	648,081
Security Deposits	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Other Financial Assets	44,920,903	59,285,065	53,185,929	44,920,903	59,285,065	53,185,929
Total	**454,285,749**	**458,792,506**	**354,868,092**	**454,285,749**	**458,792,506**	**354,868,092**

FINANCIAL LIABILITIES						
Amortised cost						
Borrowings	166,816,763	166,816,763	158,015,511	166,816,763	166,816,763	158,015,511
Trade Payables	30,870,313	21,392,443	14,544,102	30,870,313	21,392,443	14,544,102
Other financial liabilities	32,286,773	6,108,185	4,565,942	32,286,773	6,108,185	4,565,942
Total	**229,973,849**	**194,317,391**	**177,125,555**	**229,973,849**	**194,317,391**	**177,125,555**

The management assessed that the fair value of cash and cash equivalent, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Accordingly, fair value of such instruments is not materially different from their carrying amounts

The fair values for loans and security deposits were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the Fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The fair values of non current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

3I INFOTECH CONSULTANCY SERVICE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

ii. Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measure at fair value. To provide an indication about the reliability of the inputs used in determing fair value, the company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath the table:

Assets and liabilities measured at fair value - recurring fair value measurement:

Particulars	March 31, 2017 Fair value measurement using			Total	March 31, 2016 Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		Quoted prices in active markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Financial Assets								
Loans	-	-	67,986	67,986	-	-	-	-
Security Deposits	-	-	50,000,000	50,000,000	-	-	50,000,000	50,000,000
Total Financial Assets	**-**	**-**	**50,067,986**	**50,067,986**	**-**	**-**	**50,000,000**	**50,000,000**
Financial Liabilities								
Borrowings	-	-	166,816,763	166,816,763	-	-	166,816,763	166,816,763
Total Financial Liabilities	**-**	**-**	**166,816,763**	**166,816,763**	**-**	**-**	**166,816,763**	**166,816,763**

Particulars	April 1, 2015 Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Financial Assets				
Security Deposits	-	-	50,000,000	50,000,000
Total Financial Assets	**-**	**-**	**50,000,000**	**50,000,000**
Financial Liabilities				
Borrowings	-	-	158,015,511	158,015,511
Total Financial Liabilities	**-**	**-**	**158,015,511**	**158,015,511**

There have been no transfers among Level 1, Level 2 and Level 3 during the period

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

Level 2 - The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 - If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity shares, contingent consideration and indemnification assets included in level 3.

iii. Valuation technique used to determine fair value

Specific Valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis

vi. Valuation processes

The finance department of the company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports direclty to the chief financial officer (CFO) and the audit committte. Discussions of valuation processes and results are held between the CFO, AC and the valuation team at least once every three months, in line with the company's quarterly reporting periods.

27. FINANCIAL RISK MANAGEMENT

The Company is exposed primarily to fluctuations in foreign currency exchange rates ,credit ,liquidity and interest rate risk ,which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which covers risks associated with the financial assets and liabilities . The risk management policy is approved by Board of Directors . The focus of the risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the Company.

i. Market Risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of the change in market prices . Such changes in the value of financial instruments may result from changes in the foreign currency exchange, interest rates ,credit ,liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

(a) Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rate may have potential impact on the statement of profit and loss and the other comprehensive income and equity ,where any transaction reference more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Company.

Considering the countries and the economic environment in which the Company operates, its operations are subject to risk arising from fluctuations in exchange rates in those countries. The risks primarily relates to fluctuations in US Dollar, Great Britain Pound and Euro against the functional currency of the Company.

The Company , as per its current risk management policy ,does not use any derivatives instruments to hedge foreign exchange . Further ,any movement in the functional currency of the various operations of the Company against major foreign currencies may impact the Company's revenue in international business.

The Company evaluates the impact of the foreign exchange rate fluctuation by assessing its exposure to exchange rate risks. Apart from exposures of foreign currency payables and receivables, which partially are naturally hedged against each other, the Company does not use any hedging instruments to hedge its foreign currency exposures; in line with the current risk management policies.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rate shift of all the currencies by 1% against the functional currency of the Company.

The following analysis has been worked out based on the net exposures of the Company as of the date of Balance Sheet which could affect the statement of profit and loss and the other comprehensive income and equity .

The following table set forth information relating to foreign currency exposure as at March 31,2017:

Particulars	Foreign Currency	Amount in USD	Amount in INR
Total financial assets	USD	44,386	2,872,799

1% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease /increase in the Company 's profit before tax by approximately INR 28,728 for the year ended March 31,2017

The following table sets forth information relating to foreign currency exposure as at March 31, 2016:

Particulars	Foreign Currency	Amount in USD	Amount in INR
Total financial assets	USD	568,297	37,563,836

1% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease /increase in the Company 's profit before tax by approximately INR 375,638 for the year ended March 31,2016

The following table set forth information relating to foreign currency exposure as at April 1,2015:

Particulars	Foreign Currency	Amount in USD	Amount in INR
Total financial assets	USD	472,859	29,567,856

1% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease /increase in the Company 's profit before tax by approximately INR 295,679 for the year ended March 31,2015

(b)Interest rate risk

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market.

(ii) Credit risk

Credit risk is the risk that the counterparty will not meet its obligations leading to a financial loss. Credit risk arises from cash and cash equivalents, investments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables and unbilled revenues.

(1) Credit risk management
- Trade receivables and Unbilled revenues

Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the company grants credit terms in the normal course of business.

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

- Other Financials Assets

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

A default on a financial asset is when the counterparty fails to make contractual payments when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

(2) Credit risk exposure
- Trade receivables and Unbilled revenues

The carrying amount of trade receivables and unbilled revenues represents the maximum credit exposure from customers. The maximum exposure to credit risk from customers is INR 403,104,691 (March 31, 2016: INR 407,692,127, April 1, 2015: INR 304,220,011). The lifetime expected credit loss on customer balance for the year ended March 31, 2017 is NIL (March 31, 2016: NIL , April 1, 2015: NIL).

- Other Financial Assets

The carrying amount of cash and cash equivalents and other financial assets represents the maximum credit exposure. The maximum exposure to credit risk is INR 51,181,057 (March 31, 2016: INR 51,100,379 , April 1, 2015: INR 50,648,081). The 12 months expected credit loss and lifetime expected credit loss on these financial assets for the year ended March 31, 2017 is NIL (March 31, 2016 : NIL, April 1, 2015 : NIL)

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(iii) Liquidity risks

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to
The Company consistently generated sufficient cash flow from operations to meet its financial obligation as and when they fall due .
The table below provides details regarding the contractual maturities of significant financial liabilities as at :

March 31, 2017 **(Amount in INR)**

Particulars	Due in 1 year	Due in 1-2 year	Due in 2-5 year	Due after 5 years	Total
Non-derivative financial liabilities					
Trade and other payables	30,870,313	-	-	-	30,870,313
Borrowings including Interest thereon	166,816,763	-	-	-	166,816,763
Other financial liabilities	32,286,773				32,286,773
Total	**229,973,850**	**-**	**-**	**-**	**229,973,849**

March 31, 2016 **(Amount in INR)**

Particulars	Due in 1 year	Due in 1-2 year	Due in 2-5 year	Due after 5 years	Total
Non-derivative financial liabilities					
Trade and other payables	21,392,443	-	-	-	21,392,443
Borrowings	166,816,763	-	-	-	166,816,763
Other financial liabilities	6,108,185	-	-	-	6,108,185
Total	**194,317,391**	**-**	**-**	**-**	**194,317,391**

April 1, 2015 **(Amount in INR)**

Particulars	Due in 1 year	Due in 1-2 year	Due in 2-5 year	Due after 5 years	Total
Non-derivative financial liabilities					
Trade and other payables	14,544,102	-	-	-	14,544,102
Borrowings	158,015,511	-	-	-	158,015,511
Other financial liabilities	4,565,942	-	-	-	4,565,942
Total	**177,125,555**	**-**	**-**	**-**	**177,125,555**

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in INR)

28. CAPITAL MANAGEMENT

For the purpsoe of the company's capital management, capital includes issued equity capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

Particulars	**March 31, 2017**	**March 31, 2016**	**April 1, 2015**
Borrowings other than convertible preference shares	166,816,763	166,816,763	158,015,511
Trade payables	30,870,313	21,392,443	14,544,102
Other payables	90,184,423	103,715,678	63,807,796
Less: cash and cash equivalents	(1,113,071)	(1,100,379)	(648,081)
Net Debt	**286,758,428**	**290,824,506**	**235,719,328**
Equity	234,313,800	224,978,529	221,338,936
Total Capital	**234,313,800**	**224,978,529**	**221,338,936**
Capital and net debt	521,072,229	515,803,034	457,058,264
Gearing ratio	**55**	**56**	**52**

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

29. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER MICRO, SMALL AND MEDIUM ENTERPRISES

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Principal amount due to suppliers under MSMED Act, 2006*	-	-	-
Interest accrued and due to suppliers under MSMED Act, on the above amount	-	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-	-
Interest paid to suppliers under MSMED Act, (other than Section 16)	-	-	-
Interest paid to suppliers under MSMED Act, (Section 16)	-	-	-
Interest due and payable to suppliers under MSMED Act, for payment already made	-	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	-	-	-

* Amount includes due and unpaid of INR Nil (March 31, 2016: INR Nil)

The information has been given in respect of such vendors to the extent they could be identified as "Mico and Small" enterprises on the basis of information available with the Company.

30. IMPACT OF DEBT RESTRUCTURING SCHEME

During the previous year, with an objective to serve interest of the lenders in the long term and offer the possibility of the value enhancement and simultaneously support the growth, the Holding Company submitted a Debt restructuring Scheme ('DRS') to its lenders (including the lenders of subsidiary companies).In the current year , the DRS was approved by the CDR Empowered Group. As per DRS terms, Lenders' exposure in the Company as at March 31, 2016 was recognized in the Holding Company. Accordingly, the lenders' exposure as at March 31, 2016 amounting to Rs.166,816,763 was recognized as 'Borrowing'.

31. DISCLOSURE ON SPECIFIED BANK NOTE (SBNs)

The Company did not hold the specified bank notes or other denomination note as defined in the MCA notification G.S.R 308(E) dated March 31,2017 on the details of Specified Bank Notes (SBN) and hence are no transactions during the period from November 8, 2016 to December 30, 2016 to be reported relating thereto.

For and on behalf of the board

Sd/-
Padmanabhan Iyer
Chairman
DIN: 05282942

Navi Mumbai
Date : April 28,2017

Sd/-
Mrinal Ghosh
Director
DIN:07232477

Navi Mumbai
Date : April 28,2017