3I INFOTECH SDN BHD
BALANCE SHEET AS AT MARCH 31, 2017

(Amount in INR)

Particulars	Notes	March 31, 2017	March 31, 2016	April 1, 2015
ASSETS				
Non-Current Assets				
(a) Property, Plant and Equipment	4	9,09,621	9,14,992	5,14,301
(b) Capital Work-in-Progress	4	-	67,533	1,37,727
(c) Financial Assets				
(i) Loans	5	27,35,12,257	25,09,61,094	22,47,31,303
(ii) Other Financial Assets	5	13,42,912	18,41,529	16,68,119
(d) Deferred Tax Asset (Net)	10	1,55,70,040	2,09,27,515	2,66,00,789
(f) Other Non-Current Assets	9	37,02,281	42,76,337	33,00,072
		29,50,37,111	**27,89,89,000**	**25,69,52,311**
Current assets				
(a) Financial Assets				
(i) Investments		-	-	-
(ii) Trade Receivables	6	59,59,13,088	55,77,39,671	40,91,77,671
(iii) Cash and Cash Equivalents	7	95,08,916	1,34,25,738	1,83,35,555
(iv) Bank Balances Other than (iii) above	8	-	-	-
(v) Loans	5	-	-	-
(vi) Other Financial Assets	5	3,05,16,742	26,57,840	64,09,572
(b) Other Current Assets	9	51,09,956	37,57,113	9,55,370
		64,10,48,702	**57,75,80,362**	**43,48,78,168**
		64,10,48,702	**57,75,80,362**	**43,48,78,168**
TOTAL		**93,60,85,813**	**85,65,69,362**	**69,18,30,479**
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	11	6,64,84,775	6,64,84,775	6,64,84,775
(b) Other Equity	12	33,57,57,011	37,63,23,278	33,42,35,449
		40,22,41,786	**44,28,08,053**	**40,07,20,224**
Liabilities				
Current Liabilities				
(a) Financial Liabilities				
(i) Trade Payables	14			
Micro, Small and Medium Enterprises		-	-	-
Others		46,95,14,129	33,59,06,543	21,69,80,351
(ii) Other Financial Liabilities	13	70,28,672	33,12,257	42,58,746
(b) Other Current Liabilities	15	4,78,17,921	6,35,88,774	3,81,19,486
(d) Current Tax Liabilities (Net)	15	94,83,305	1,09,53,735	3,17,51,672
		53,38,44,027	**41,37,61,309**	**29,11,10,255**
		53,38,44,027	**41,37,61,309**	**29,11,10,255**
TOTAL		**93,60,85,813**	**85,65,69,362**	**69,18,30,479**

Significant Accounting Policies and Notes on Accounts form an integral part of the financial statements. 1 to 28

As per our report of even date attached | **For and on behalf of the board**

For GMJ & CO
Chartered Accountants
F.R.No. 103429W

Sd/-	**Sd/-**	**Sd/-**
S. Maheshwari	**Padmanabhan Iyer**	**Mrinal Ghosh**
Partner	**Director**	**Director**
M.No.: 38755	**DIN: 05282942**	**DIN:07232477**

Place : Navi Mumbai
Date : April 28,2017

3I INFOTECH SDN BHD
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in INR)

Particulars	Notes	2016-17	2015-16
CONTINUING OPERATIONS			
REVENUE			
Revenue from operations (net)	16	34,12,76,823	32,19,17,922
Other income	17	1,54,10,776	4,56,81,926
Total Revenue (I)		**35,66,87,599**	**36,75,99,848**
EXPENSES			
Employee benefits expense	19	12,79,79,584	14,84,10,883
Cost of party products and services	18	20,76,39,616	13,36,72,178
Finance costs	20	67,458	78,168
Depreciation and amortization expense	21	3,99,394	2,68,474
Other expenses	22	5,19,74,794	3,47,50,980
Total Expenses (II)		**38,80,60,846**	**31,71,80,683**
Profit/(loss) before exceptional items and tax from continuing operations (I-II)		**(3,13,73,247)**	**5,04,19,165**
Profit/(loss) before tax from continuing operations		**(3,13,73,247)**	**5,04,19,165**
Tax expense:			
Current tax		-	-
Adjustment of tax relating to earlier periods		64,14,632	28,27,436
Deferred tax		27,78,388	55,03,900
Profit/(loss) for the period from continuing operations		**(4,05,66,267)**	**4,20,87,829**
Profit/(loss) for the period		**(4,05,66,267)**	**4,20,87,829**
OTHER COMPREHENSIVE INCOME		**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**(4,05,66,267)**	**4,20,87,829**
Earnings per share for profit from continuing operations attributable to equity shareholders	23		
Basic EPS		(8.11)	8.42
Dilluted EPS		(8.11)	8.42
Earnings per share for profit from continuing and discontinuing operations attributable to equity shareholders	23		
Basic EPS		(8.11)	8.42
Dilluted EPS		(8.11)	8.42

Significant Accounting Policies and Notes on Accounts form an integral part of the financial statements. 1 to 28

As per our report of even date attached

For GMJ & CO
Chartered Accountants
F.R.No. 103429W

Sd/-
S. Maheshwari
Partner
M.No.: 38755

For and on behalf of the board

Sd/-
Padmanabhan Iyer
Director
DIN: 05282942

Sd/-
Mrinal Ghosh
Director
DIN:07232477

Place : Navi Mumbai
Date : April 28,2017

3I INFOTECH SDN BHD
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 from:		
Continuing operations	(3,13,73,247)	5,04,19,165
Discontinued operations		
Profit before income tax including discontinued operations	(3,13,73,247)	**5,04,19,165**
Adjustments for:		
Depreciation and amortisation expense	3,99,394	2,68,474
Dividend and interest income classified as investing cash flows	(1,46,98,463)	(1,27,91,482)
Net foreign exchange differences	2,12,17,158	(3,05,05,090)
Provision for Bad Debts	15,64,859	46,83,431
Change in operating assets and liabilities:		
(Increase)/Decrease in trade receivables	(3,81,73,417)	(14,85,62,000)
Increase/(decrease) in trade payables	13,36,07,587	11,89,26,192
(Increase) in other financial assets	(5,01,42,302)	2,93,99,980
(Increase)/decrease in other non-current assets	(32,61,490)	(36,34,328)
(Increase)/decrease in other current assets	(13,52,843)	(28,01,743)
Increase/(decrease) in capital WIP	-	1,37,727
Increase in other current liabilities	(1,35,24,867)	37,24,862
Cash generated from operations	**42,62,369**	**92,65,189**
Less: Income taxes paid		
Net cash inflow from operating activities	**42,62,369**	**92,65,189**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for property, plant and equipment	(3,26,491)	(7,36,698)
Loans to employees and related parties	(2,25,51,163)	(2,62,29,791)
Interest received	1,46,98,463	1,27,91,482
Net cash outflow from investing activities	(81,79,190)	(1,41,75,007)
CASH FLOWS FROM FINANCING ACTIVITIES:	-	-
Net cash inflow (outflow) from financing activities	-	-
Net increase (decrease) in cash and cash equivalents	(39,16,821)	(49,09,818)
Cash and Cash Equivalents at the beginning of the financial year	1,34,25,738	1,83,35,555
Cash and Cash Equivalents at end of the year	95,08,917	1,34,25,737

Notes :

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Ind AS 7 on "Statement of Cash Flows" 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 28

As per our report of even date attached	**For and on behalf of the board**	
For GMJ & CO		
Chartered Accountants		
F.R.No. 103429W		
Sd/-	**Sd/-**	**Sd/-**
S. Maheshwari	**Padmanabhan Iyer**	**Mrinal Ghosh**
Partner	**Director**	**Director**
M.No.: 38755	**DIN: 05282942**	**DIN:07232477**

Place : Navi Mumbai
Date : April 28,2017

3I INFOTECH SDN BHD

STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2017

A Equity Share Capital

Particulars	Balance at the Beginning of the period	Changes in Equity share capital during the year	Balance at the end of the period
March 31, 2016			
Numbers	**50,00,000**	**-**	**50,00,000**
Amount	**6,64,84,775**	**-**	**6,64,84,775**
March 31, 2017			
Numbers	**50,00,000**	**-**	**50,00,000**
Amount	**6,64,84,775**	**-**	**6,64,84,775**

B Other Equity

			Reserves and Surplus		
Particulars	**Share Application money pending allotment**	**Equity Component of Compound financial instruments**	**Capital Reserve**	**Retained Earnings**	**Total**
As at April 1, 2015	**-**	**-**	**-**	**33,42,35,449**	**33,42,35,449**
Profit for the period				4,20,87,829	4,20,87,829
Other comprehensive income				-	-
Total comprehensive income for the year	-	-	-	37,63,23,278	37,63,23,278
As at March 31, 2016	**-**	**-**	**-**	**37,63,23,278**	**37,63,23,278**
Profit for the period				(4,05,66,267)	(4,05,66,267)
Other comprehensive income				-	-
Total comprehensive income for the year	-	-	-	33,57,57,011	33,57,57,011
As at March 31, 2017	**-**	**-**	**-**	**33,57,57,011**	**33,57,57,011**

Significant Accounting Policies and Notes on Accounts form an integral part of the financial statements. 1 to 28

As per our report of even date attached

For GMJ & CO
Chartered Accountants
F.R.No. 103429W

Sd/-
S. Maheshwari
Partner
M.No.: 38755

For and on behalf of the board

Sd/-
Padmanabhan Iyer
Director
DIN: 05282942

Sd/-
Mrinal Ghosh
Director
DIN:07232477

Place : Navi Mumbai
Date : April 28,2017

3i Infotech SDN BHD
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1 **1 Corporate Information**

3i Infotech Sdn Bhd (referred to as ‘’3i’’ or “the Company”) is a Global Information Technology Company committed to Empowering Business Transformation. A comprehensive set of IP based software solutions, coupled with a wide range of IT services, uniquely positions the Company to address the dynamic requirements of a variety of industry verticals, predominantly Banking, Insurance, Capital Markets, Asset & Wealth Management (BFSI). The Company also provides solutions for other verticals such as Government, Manufacturing, Retail, Distribution, Telecom and Healthcare.

The address of its registered office is at Suite 2A-7-1, Level 7, Block 2A Plaza Sentral -50470 Kuala lumpur, Malaysia.

The financial statements for the year ended March 31,2017 were approved by the Board of Directors and authorised for issue on April 30,2017.

2 **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 XX 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.

(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

The Company earns primarily from providing services of IT solutions and Transaction services.

(i) Revenue from IT solutions

The Company earns revenue from IT solutions comprises of revenue from the sale of software products, providing IT services and sale of hardware and third party software.

- Revenue from Software Products is recognized on delivery/installation, as per the predetermined/laid down policy across all geographies or a lower amount as considered appropriate in terms of the contract. Maintenance revenue in respect of products is deferred and recognized ratably over the period of the underlying maintenance agreement.

- Revenue from IT Services is recognized either on time and material basis or fixed price basis or based on certain measurable criteria as per relevant contracts. Revenue on Time and Material Contracts is recognized as and when services are performed. Revenue on Fixed-Price Contracts is recognized on the percentage of completion method. Provisions for estimated losses, if any, on such uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

- Revenue from Supply of Hardware/Other Material and Sale of Third Party Software License/Term License/Other Materials incidental to the aforesaid services is recognized based on delivery/installation, as the case may be. Recovery of incidental expenses is added to respective revenue.

Unbilled and unearned revenue :

Revenue recognized over and above the billings on a customer is classified as “unbilled revenue” and advance billing to customer is classified as “advance from customer/unearned revenue” and included in other liabilities.

(ii) Revenue from Transaction Services:

- Revenue from transaction services and other service contracts is recognized based on transactions processed or manpower deployed.

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.

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 profit or 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.

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 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 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 43 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.

(iv) 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) Compound financial instruments

Compound financial instruments are separated into liability and equity components based on the terms of the contract.
On issuance of the Compound financial instruments, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

l) 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	*5 years*	*3-6 years*
Plant and Machinery, Electrical Installation	*5 years*	*15 years*
Office Equipment	*5 years*	*5 years*
Furniture and Fixtures	*5 years*	*10 years*
Vehicles	*5 years*	*10 years*
Leasehold Improvement	*5 years*	*5 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).

m) 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.

(iv) 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.

n) 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.

o) 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.

p) 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. The amounts are unsecured and are usually paid within XX days of recognition. 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.

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.

s) 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.

t) 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.

u) 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.

v) 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 shares.

w) 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.

x) Rounding of amounts

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

3I INFOTECH SDN BHD

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

3. FIRST TIME ADOPTION OF IND AS

B. 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) Property, Plant and Equipment		5,14,301		5,14,301
(b) Capital Work-in-Progress		1,37,727		1,37,727
(c) Financial Assets				
(i) Loans		22,47,31,303		22,47,31,303
(ii) Other Financial Assets		16,68,119		16,68,119
(d) Deferred Tax Asset (Net)		2,66,00,789		2,66,00,789
(e) Other Non-Current Assets		33,00,072		33,00,072
		25,69,52,311		**25,69,52,311**
Current assets				
(a) Financial Assets				
(i) Trade Receivables		40,91,77,671		40,91,77,671
(ii) Cash and Cash Equivalents		1,83,35,555		1,83,35,555
(iii) Other Financial Assets		64,09,572		64,09,572
(b) Other Current Assets		9,55,370		9,55,370
		43,48,78,167		43,48,78,167
		43,48,78,167		**43,48,78,167**
TOTAL		**69,18,30,478**		**69,18,30,478**
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital		6,64,84,775		6,64,84,775
(b) Other Equity		33,42,35,449		33,42,35,449
		40,07,20,224		**40,07,20,224**
Liabilities				
Current Liabilities				
(a) Financial Liabilities				
(i) Trade Payables				
Micro, Small and Medium Enterprises		-		-
Others		21,69,80,351		21,69,80,351
(ii) Other Financial Liabilities		42,58,746		42,58,746
(b) Other Current Liabilities		3,81,19,486		3,81,19,486
(c) Current Tax Liabilities (Net)		3,17,51,672		3,17,51,672
				-
		29,11,10,255		
		29,11,10,255	**-**	**29,11,10,255**
			-	-
TOTAL		**69,18,30,479**		**69,18,30,479**

3I INFOTECH SDN BHD
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) Property, Plant and Equipment		9,14,992	-	9,14,992
(b) Capital Work-in-Progress		67,533	-	67,533
(c) Financial Assets		-		
(i) Loans		25,09,61,094	-	25,09,61,094
(ii) Other Financial Assets		18,41,529	-	18,41,529
(c) Deferred Tax Asset (Net)		2,09,27,515	-	2,09,27,515
(d) Other Non-Current Assets		42,76,337	-	42,76,337
		27,89,89,000	**-**	**27,89,89,000**
Current assets				
(a) Financial Assets				
(i) Trade Receivables		55,77,39,671	-	55,77,39,671
(ii) Cash and Cash Equivalents		1,34,25,738	-	1,34,25,738
(iii) Other Financial Assets		26,57,840	-	26,57,840
(b) Other Current Assets		37,57,113	-	37,57,113
		57,75,80,362	-	57,75,80,362
		57,75,80,362	**-**	**57,75,80,362**
TOTAL		**85,65,69,362**		**85,65,69,362**
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital		6,64,84,775		6,64,84,775
(b) Other Equity		37,63,23,278		37,63,23,278
		44,28,08,053		**44,28,08,053**
Liabilities				
Current Liabilities				
(a) Financial Liabilities				
(i) Trade Payables				
Micro, Small and Medium Enterprises		-	-	-
Others		33,59,06,543	-	33,59,06,543
(ii) Other Financial Liabilities		33,12,257		33,12,257
(b) Other Current Liabilities		6,35,88,774		6,35,88,774
(c) Current Tax Liabilities (Net)		1,09,53,735		1,09,53,735
		41,37,61,309		**41,37,61,309**
		41,37,61,309	**-**	**41,37,61,309**
TOTAL		**85,65,69,362**		**85,65,69,362**

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

Particulars	Notes	IGAAP	Adjustments	IND AS Balance
CONTINUING OPERATIONS				
REVENUE			-	-
Revenue from operations (net)		32,19,17,922	-	32,19,17,922
Other income		4,56,81,926	-	4,56,81,926
Total Revenue (I)		**36,75,99,848**		**36,75,99,848**
EXPENSES			**-**	**-**
Excise duty on sale of goods		14,84,10,883	-	14,84,10,883
Employee benefits expense		13,36,72,178	-	13,36,72,178
Finance costs		78,168	-	78,168
Depreciation and amortization expense		2,68,474	-	2,68,474
Other expenses		3,47,50,980	-	3,47,50,980
Total Expenses (II)		**31,71,80,683**	**-**	**31,71,80,683**
		-		-
Profit/(loss) before exceptional items and tax from continuing operations (I-II)		**5,04,19,165**	**-**	**5,04,19,165**
Profit/(loss) before tax from continuing operations		**5,04,19,165**	**-**	**5,04,19,165**
			-	
Tax expense:			**-**	-
Adjustment of tax relating to earlier periods		28,27,436	-	28,27,436
Deferred tax		55,03,900		55,03,900
Profit/(loss) for the period from continuing operations		**4,20,87,829**		**4,20,87,829**
			-	**-**
Profit/(loss) for the period		**4,20,87,829**		**4,20,87,829**
			-	**-**

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

iv. Reconciliation of statement of cash flows:

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

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.

A. Exemptions and exceptions availed

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

1. Ind AS optional exemptions

i. Cumulative translation differences

Ind AS 101 permits cumulative translation gains and losses to be reset to zero at the transition date. This provides relief from determining cumulative currency translation differences in accordance with Ind AS 21 from the date a subsidiary or equity method investee was formed or acquired. The Company elected to reset all cumulative translation gains and losses to zero by transferring it to opening retained earnings at its transition date.

Ind AS 101 also permits to continue the accounting policy adopted under Indian GAAP for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period. The Company has elected to continue with the adopted policy for accounting of exchange differences on long term foreign currency monetary items existing at the period ending March 31, 2016.

ii. Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment and intangible assets covered by Ind AS 38 - Intangible Assets as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

iii. Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

iv. Estimates

The estimates at April 1, 2015 and at March 31, 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

- Impairment of financial assets based on expected credit loss model

The estimates used by the company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2015, the date of transition to Ind AS and as of March 31, 2016.

v. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

3I INFOTECH SDN BHD
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

4. PROPERTY, PLANT AND EQUIPMENT			
			(Amount in INR)
Particulars	**Furniture and Fixtures**	**Computer Hardwares**	**Total**
GROSS CARRYING VALUE			
As at April 1, 2015	1,22,098	3,92,238	5,14,335
Additions	-	6,69,131	6,69,131
Disposals	-	-	-
As at March 31, 2016	**1,22,098**	**10,61,369**	**11,83,466**
Additions	-	3,94,024	3,94,024
Disposals	-	-	-
As at March 31, 2017	**1,22,098**	**14,55,393**	**15,77,490**
ACCUMULATED DEPRECIATION/IMPAIRMENT			
As at April 1, 2015			-
Depreciation for the year	11,126	2,57,348	2,68,474
As at March 31, 2016	11,126	2,57,348	2,68,474
Depreciation for the year	10,949	3,88,445	3,99,394
As at March 31, 2017	**22,075**	**6,45,794**	**6,67,869**
Net Carrying value as at March 31, 2017	**1,00,023**	**8,09,599**	**9,09,622**
Net Carrying value as at March 31, 2016	**1,10,972**	**8,04,020**	**9,14,992**
Net Carrying value as at April 1, 2015	**1,22,098**	**3,92,238**	**5,14,335**

3I INFOTECH SDN BHD

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

5. FINANCIAL ASSETS			
			(Amount in INR)
(A) LOANS			
Non Current			
Unsecured, considered good unless otherwise stated			
Loans to Related Parties	27,35,12,257	25,09,61,094	22,47,31,303
Total	**27,35,12,257**	**25,09,61,094**	**22,47,31,303**
(B) OTHER FINANCIAL ASSETS			
Non Current			
Financial assets carried at amortised cost			
Security Deposits	13,42,912	18,41,529	16,68,119
Total	**13,42,912**	**18,41,529**	**16,68,119**
Current			
Financial assets carried at amortised cost			
Security Deposits	2,51,410	-	-
Unbilled Revenue	3,14,13,858	35,02,924	68,20,445
Less: Loss Allowances	(11,48,526)	(8,45,084)	(4,10,873)
Total	**3,05,16,742**	**26,57,840**	**64,09,572**

3I INFOTECH SDN BHD
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

6. TRADE RECEIVABLES

(Amount in INR)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Current			
Trade Receivables from customers	4,19,89,264	3,97,93,980	3,51,04,751
Receivables from other related parties	55,39,23,824	51,79,45,691	37,40,72,920
	59,59,13,088	**55,77,39,671**	**40,91,77,671**
Breakup of Security details			
Secured, considered good			
Unsecured, considered good	59,59,13,088	55,77,39,671	40,91,77,671
Doubtful	84,83,436	1,03,10,394	57,97,384
	60,43,96,524	**56,80,50,065**	**41,49,75,055**
Impairment Allowance (allowance for bad and doubtful debts)			
Doubtful	84,83,436	1,03,10,394	57,97,384
	84,83,436	**1,03,10,394**	**57,97,384**
	59,59,13,088	**55,77,39,671**	**40,91,77,671**

3I INFOTECH SDN BHD
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

7. CASH AND CASH EQUIVALENTS

(Amount in INR)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Balances with banks:			
- On current accounts	95,08,916	1,31,51,809	1,83,05,231
Cash on hand	-	2,73,929	30,324
	95,08,916	**1,34,25,738**	**1,83,35,555**

8. OTHER BANK BALANCES

(Amount in INR)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Other Balances with banks			
	-	-	-

9. OTHER ASSETS

(Amount in INR)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Non Current			
Others			
- Payment of Taxes	37,02,281	42,76,337	33,00,072
Total	**37,02,281**	**42,76,337**	**33,00,072**
Current			
Advances other than Capital advances			
- Other Advances	4,90,343	4,18,233	3,42,308
Others			
- Prepaid expenses	46,19,613	33,38,880	6,13,062
Total	**51,09,956**	**37,57,113**	**9,55,370**

3I INFOTECH SDN BHD
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

10. INCOME TAX

Deferred Tax

Particulars	March 31, 2017	March 31, 2016
Deferred tax relates to the following:		
Accelerated Depreciation for tax purposes	1,55,70,040	2,09,27,515
Net Deferred Tax Assets / (Liabilities)	**1,55,70,040**	**2,09,27,515**

Movement in deferred tax liabilities/assets

Particulars	March 31, 2017	March 31, 2016
Opening balance as of April 1	2,09,27,515	2,66,00,788
Tax income/(expense) during the period recognised in profit or loss	(27,78,388)	(55,03,900)
Foreign exchange fluctuation loss	(25,79,086)	(1,69,374)
Closing balance as at March 31	**1,55,70,041**	**2,09,27,514**

	March 31, 2017	March 31, 2016
Unrecognised deferred tax assets		
Deductible temporary differences	-	-
Unrecognised tax losses	-	9,18,744

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)**

	2016-17	2015-16
Current income tax charge	-	-
Adjustment in respect of current income tax of previous year	64,14,632	28,27,436
Deferred tax		
Relating to origination and reversal of temporary differences	27,78,388	55,03,900
Income tax expense recognised in profit or loss	**91,93,020**	**83,31,336**

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

	March 31, 2017	March 31, 2016
Accounting profit before income tax	**(4,05,66,267)**	**4,20,87,829**
Enacted tax rate in Malaysia	24.00%	24%
Income tax on accounting profits	**(97,35,904)**	**1,01,01,079**
Effect of		
Adjustment of tax relating to earlier periods	64,14,632	28,27,436
Other non deductible expenses/incomes	1,25,14,292	(45,97,179)
Tax at effective income tax rate	**91,93,020**	**83,31,336**

3I INFOTECH SDN BHD
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

11. SHARE CAPITAL

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

	Equity Share (MYR 1 Each)	
	Number	**Amount**
At April 1, 2015	**50,00,000**	**6,64,84,775**
Increase/(decrease) during the year	-	-
At March 31, 2016	**50,00,000**	**6,64,84,775**
Increase/(decrease) during the year		
At March 31, 2017	**50,00,000**	**6,64,84,775**

During the year ended March 31, 2017, the authorised share capital was increased by INR 0 Equity shares of INR 0 each.

Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of MYR 1 each. Each shareholder has right to vote in respect of such share, on every resolution placed before the Company and his voting right on a poll shall be in proportion to his share of the paid up equity capital of the Company. In the event of liquidation, the equity shareholders are entitled to receive the remaining assets of the Company after payments of preferential amounts in proportion to their shareholding.

ii. Issued Capital

Equity Shares

	Number	**Amount**
Equity shares of MYR 1 each issued, subscribed and fully paid		
At April 1, 2015	**50,00,000**	**6,64,84,775**
Issued during the period		
Shares issued towards conversion of FCCB	-	-
Shares issued under CDR	-	-
At March 31, 2016	**50,00,000**	**6,64,84,775**
Issued during the period		
Shares issued towards conversion of FCCB		-
Shares issued under CDR		-
At March 31, 2017	**50,00,000**	**6,64,84,775**

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

The company does not have a holding company or ultimate holding company

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 MYR 1 each fully paid				
3i Infotech Asia Pacific Pte Limited	5000000	100	5000000	100

v. Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

The Company has not issued any class of shares as fully paid up shares pursuant to contract(s) without payment being received in cash and bonus shares during the period of 5 years immediately preceding the Balance Sheet date.

The Company has not bought back any class of shares during the period of 5 years immediately preceding the Balance Sheet date.

3I INFOTECH SDN BHD
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

12. OTHER EQUITY

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

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Retained Earnings	33,57,57,011	37,63,23,278	33,42,35,449
	33,57,57,011	37,63,23,278	33,42,35,449

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

	March 31, 2017	March 31, 2016
Opening balance	37,63,23,278	33,42,35,449
Net Profit/(Loss) for the period	(4,05,66,267)	4,20,87,829
Add/(Less):		
Closing balance	**33,57,57,011**	**37,63,23,278**

3I INFOTECH SDN BHD

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

13. OTHER FINANCIAL LIABILITIES

(Amount in INR)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Current			
Financial Liabilities at amortised cost			
Dues to employees	70,28,672	33,12,257	42,58,746
	70,28,672	**33,12,257**	**42,58,746**
Total	**70,28,672**	**33,12,257**	**42,58,746**

3I INFOTECH SDN BHD

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

14. TRADE PAYABLES

(Amount in INR)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Current			
Trade Payables to Micro, Small and Medium Enterprises	-	-	-
Trade Payables to Related Parties	46,08,59,387	32,92,19,908	21,34,68,837
Trade Payables to Others	86,54,742	66,86,635	35,11,514
Total	46,95,14,129	33,59,06,543	21,69,80,351

For terms and conditions with related parties, refer note 25

15. OTHER LIABILITIES

(Amount in INR)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Current			
Unearned Revenue	4,42,98,477	5,98,36,765	-
Advance received from Customers	10,26,367	11,59,202	3,38,52,124
Others			
Statutory Liabilities	24,52,881	25,46,378	42,67,361
Others	40,196	46,429	-
Total	**4,78,17,921**	**6,35,88,774**	**3,81,19,486**

15. CURRENT TAX LIABILITY(NET)

(Amount in INR)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Opening balance	94,83,305	1,09,53,735	3,17,51,672
Add: Current tax payable for the year	-	-	-
Closing Balance	**94,83,305**	**1,09,53,735**	**3,17,51,672**

3I INFOTECH SDN BHD
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 products		
IT Solutions	**3,19,14,435**	61,20,165
Sale of services		
IT Solutions	**30,93,62,388**	31,57,97,757
	34,12,76,823	**32,19,17,922**

17. OTHER INCOME

(Amount in INR)

Particulars	2016-17	2015-16
Others	1,46,98,463	1,27,91,482
Foreign Exchange Fluctuation Gain	-	3,05,05,090
Others		
Miscellaneous Income	7,12,313	23,85,354
	1,54,10,776	**4,56,81,926**

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	20,76,39,616	13,36,72,178
	20,76,39,616	**13,36,72,178**

19. EMPLOYEE BENEFITS EXPENSE

(Amount in INR)

Particulars	2016-17	2015-16
Salaries, wages and bonus	12,67,96,258	14,69,01,735
Staff welfare expenses	9,53,826	10,43,417
Recruitment and training expenses	2,29,500	4,65,731
	12,79,79,584	**14,84,10,883**

3I INFOTECH SDN BHD

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

20. FINANCE COST

(Amount in INR)

Particulars	2016-17	2015-16
Other borrowing costs		
Others	67,458	78,168
	67,458	**78,168**

21. DEPRECIATION AND AMORTISATION EXPENSE

(Amount in INR)

Particulars	2016-17	2015-16
Depreciation on tangible assets	3,99,394	2,68,474
	3,99,394	**2,68,474**

22. OTHER EXPENSES

(Amount in INR)

Particulars	2016-17	2015-16
Electricity power, fuel and water	43,594	36,042
Bad Debts written off	-	(36,353)
Insurance	23,12,404	23,82,579
Legal and professional fees	30,22,101	45,05,962
Rates and taxes	25,33,329	1,56,705
Rent	52,69,386	54,78,090
Sales promotion expenses	7,45,063	18,35,288
Telephone and internet expenses	18,75,777	16,66,578
Travelling & conveyance expenses	1,20,42,412	1,25,56,927
Allowance for doubtful debts and advances	15,64,859	46,83,431
Printing and stationery	97,938	1,49,130
Office Expenses	36,022	2,75,579
Foreign exchange fluctuation loss	2,12,17,158	-
Miscellaneous expenses	1,44,498	1,86,984
	5,19,74,794	**3,47,50,980**

23. EARNINGS PER SHARE

		(Amount in INR)
Particulars	**March 31, 2017**	**March 31, 2016**
(a) Basic earnings per share	(8)	8
(b) Dilluted earnings per share	(8)	8
(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	(4,05,66,267)	4,20,87,829
Dilluted earnings per share		
Profit from continuing operations attributable to the equity holders of the company	(4,05,66,267)	4,20,87,829
(d) Weighted average number of shares used as the denominator	50,00,000	50,00,000

24. COMMITMENTS AND CONTINGENCIES

(Amount in INR)

A. Commitments

i. Leases

Operating lease commitments - Company as lessee

The company leases various offices, warehouses and retail stores under non-cancellable operating leases expiring within 01 to 02 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The company has paid INR 52,69,385 (March 31, 2016: INR 54,78,090) during the year towards minimum lease payment.

	March 31, 2017	March 31, 2016	April 1, 2015
Commitments for minimum lease payments in relation to non cancellable operating leases are as follows			
Within one year	29,06,652	51,22,191	51,22,536
Later than one year but not later than five years	4,09,273	26,68,507	76,48,808
later than five years	-	-	-
	33,15,925	**77,90,697**	**1,27,71,344**

Contingent rents recognised as expense in the period

3I INFOTECH SDN BHD
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in INR)

25. RELATED PARTY TRANSACTIONS

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

3i Infotech Sdn Bhd

Name of Related Party	Nature of Relationship	Country of Incorporation
3i Infotech Inc.	Fellow Subsidiary	USA
3i Infotech Asia Pacific Pte Ltd	Holding company	Singapore
3i Infotech (Middle East) FZ LLC	Fellow Subsidiary	UAE
Black Barret Holdings Limited	Fellow Subsidiary	Cyprus
3i Infotech Financial Software Inc.	Fellow Subsidiary	USA
3i Infotech Saudi Arabia LLC	Fellow Subsidiary	Saudi Arbia
3i Infotech (UK) Limited	Fellow Subsidiary	UK
3i Infotech (Western Europe) Holdings Limited (up to February 8,2016)	Fellow Subsidiary	UK
3i Infotech (Western Europe) Group Limited	Fellow Subsidiary	UK
3i Infotech Service SDN BHD	Fellow Subsidiary	Malaysia
Rhyme Systems Limited	Fellow Subsidiary	UK
3i infotech (Thailand) Limited	Fellow Subsidiary	Thailand
3i Infotech Framework Limited (up to February 8,2016)	Fellow Subsidiary	UK
Professional Access Software Development Private Limited	Fellow Subsidiary	India
Locuz Enterprise Solutions Limited	Fellow Subsidiary	India
Locus Inc	Fellow Subsidiary	USA
3i Infotech Consultancy Services Limited	Fellow Subsidiary	India
3i Infotech Trusteeship Services Limited. (up to October 15, 2015)	Fellow Subsidiary	India
Elegon Infotech Limited.	Fellow Subsidiary	China
3i Infotech Holdings Private Limited	Fellow Subsidiary	Mauritius
3i Infotech BPO Limited	Fellow Subsidiary	India
IFRS Cloud Solution Limited (formerly known as 3i Infotech Outsourcing Services Limited)	Fellow Subsidiary	India
3i Infotech (Africa) Limited	Fellow Subsidiary	Kenya
3i Infotech (South Africa) (PTY) Limited	Fellow Subsidiary	Republic of South Africa
3i Infotech Limited	Ultimate Holding Company	India

(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	Ultimate Holding Company	IT solutions related expenses	72694273.44	27883182.87
		Corporate charge-out	45282052.53	59526265.31
		Reimbursement of operating expenses	81696191.46	42787493.54
3i Infotech Inc.	Fellow Subsidiary	Interest income	(82,81,062)	(73,55,721)
3i Infotech (Middle East) FZ LLC	Fellow Subsidiary	Interest income	(62,83,234)	(54,35,761)

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

Name	Nature of Relationship	March 31, 2017	March 31, 2016	April 1, 2015
Trade Receivables				
3i Infotech Limited	Ultimate Holding Company	42,31,37,922	38,55,03,427	25,76,84,705
3i Infotech Thailand Ltd	Fellow Subsidiary	1,75,42,582	1,33,40,489	1,20,43,678
3i Infotech Asia Pacific Pte Ltd	Parent Subsidiary	11,34,94,202	11,91,18,976	10,43,44,537
3i Infotech (Middle East) FZ LLC	Fellow Subsidiary	(2,50,881)	(17,200)	-
Trade Payables				
3i Infotech Asia Pacific Pte Ltd	Parent Subsidiary	(73,23,058)	(84,58,533)	(84,35,387)
3i Infotech Limited	Ultimate Subsidiary	46,81,82,446	33,76,78,441	22,19,04,224

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

(iv) Loans to/from related parties

Name	Nature of Relationship	Particulars	March 31, 2017	March 31, 2016
Loans to related parties				
3i Infotech Inc.	Fellow Subsidiary	Beginning of the year	16,09,61,480	14,49,93,595
		Loans advanced		
		Loan repayments received		
		Interest charged	82,81,062	73,55,721
		Interest received		
		End of the year	16,60,87,062	16,09,61,480
3i Infotech (Middle East) FZ LLC	Fellow Subsidiary	Beginning of the year	8,99,99,614	7,97,37,708
		Loans advanced		
		Loan repayments received		
		Interest charged	62,83,234	54,35,761
		Interest received		
		End of the year	10,74,25,194	8,99,99,614

(v) Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables and payables. For the year ended March 21, 2017, the group has not recorded any impairment of receivables relating to amount owed by related parties (March 31, 2016: INR-Nil). This assessment is undertaken each financial year through examining the financial position of the related party and market in which the related party operates.

3I INFOTECH SDN BHD
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	59,59,13,088	55,77,39,671	40,91,77,671	59,59,13,088	55,77,39,671	40,91,77,671
Loans	27,35,12,257	25,09,61,094	22,47,31,303	27,35,12,257	25,09,61,094	22,47,31,303
Cash and Cash Equivalents	95,08,916	1,34,25,738	1,83,35,555	95,08,916	1,34,25,738	1,83,35,555
Other Financial Assets	3,18,59,654	44,99,369	80,77,691	3,18,59,654	44,99,369	80,77,691
FVTPL						
Total	**91,07,93,915**	**82,66,25,872**	**66,03,22,220**	**91,07,93,915**	**82,66,25,872**	**66,03,22,220**
FINANCIAL LIABILITIES						
Amortised cost						
Trade Payables	46,95,14,129	33,59,06,543	21,69,80,351	46,95,14,129	33,59,06,543	21,69,80,351
Other financial liabilities	70,28,672	33,12,257	42,58,746	70,28,672	33,12,257	42,58,746
Total	**47,65,42,801**	**33,92,18,800**	**22,12,39,097**	**47,65,42,801**	**33,92,18,800**	**22,12,39,097**

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.

The fair values for loans, security deposits and investments in preference shares 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 SDN BHD

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

(Amount in INR)

27. 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.

	March 31, 2017	March 31, 2016	April 1, 2015
Borrowings other than convertible preference shares	-	-	-
Trade payables	46,95,14,129	33,59,06,543	21,69,80,351
Other payables	5,48,46,594	6,69,01,031	4,23,78,231
Less: cash and cash equivalents	(95,08,916)	(1,34,25,738)	(1,83,35,555)
Net Debt	**51,48,51,807**	**38,93,81,836**	**24,10,23,027**
Convertible preference shares	-	-	-
Equity	40,22,41,786	44,28,08,053	40,07,20,224
Total Capital	**40,22,41,786**	**44,28,08,053**	**40,07,20,224**
Capital and net debt	91,70,93,593	83,21,89,888	64,17,43,251
Gearing ratio	**56**	**47**	**38**

3i INFOTECH LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

28. 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 SGD Dollar 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:

(Amount in INR)

	USD	Total
Total financial assets	27,59,93,989	27,59,93,989
Total financial liabilities	4,54,94,969	4,54,94,969

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 22,82,169 for the year ended March 31,2017

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

(Amount in INR)

	USD			Total
Total financial assets	30,17,56,568			30,17,56,568
Total financial liabilities	-	-	-	-

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 2987688.79 for the year ended March 31,2016

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

(Amount in INR)

	USD	Total
Total financial assets	26,31,16,901	26,31,16,901
Total financial liabilities	-	-

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 2605117.83 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 Financails 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 628.23 crores (March 31, 2016: INR 670.46 crores, April 1, 2015: INR 660.04 crores). The lifetime expected credit loss on customer balance for the year ended March 31, 2017 is INR 49.18 crores (March 31, 2016: INR 50.31 crores, April 1, 2015: INR 41.90 crores).

Reconciliation of loss allowance provision - Trade receivables and Unbilled revenue

(Amount in INR)

Particulars	March 31, 2017	March 31, 2016
Balance at the beginning	1,03,10,394	57,97,384
Impairment loss recognised/reversed	(18,26,959)	45,13,010
Balance at the end	**84,83,436**	**1,03,10,394**

(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 maintain sufficient liquidity and ensure that funds are available for use as per requirements.

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)**

	Due in 1 year	in 1-2 year	Due in 2-5 year	Due after 5 years	Total
Non-derivative financial liabilities :					
Trade and other payables	46,95,14,129				46,95,14,129
Other financial liabilities	70,28,672				70,28,672
Total	**47,65,42,801**	-	-	-	**47,65,42,801**

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

	Due in 1 year	in 1-2 year	Due in 2-5 year	Due after 5 years	Total
Non-derivative financial liabilities :					
Trade and other payables	33,59,06,543				33,59,06,543
Other financial liabilities	33,12,257				33,12,257
Total	**33,92,18,800**	-	-	-	**33,92,18,800**

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

	Due in 1 year	in 1-2 year	Due in 2-5 year	Due after 5 years	Total
Non-derivative financial liabilities :					
Trade and other payables	21,69,80,351				21,69,80,351
Other financial liabilities	42,58,746				42,58,746
Total	**22,12,39,097**	-	-	-	**22,12,39,097**

3i INFOTECH LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

As per our report of even date attached	**For and on behalf of the board**	
For GMJ & CO		
Chartered Accountants		
F.R.No. 103429W		
Sd/-	**Sd/-**	**Sd/-**
S. Maheshwari	**Padmanabhan Iyer**	**Mrinal Ghosh**
Partner	**Director**	**Director**
M.No.: 38755	**DIN: 05282942**	**DIN:07232477**

Place : Navi Mumbai
Date : April 28,2017