

3I INFOTECH INC
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	7,283,208	12,303,176	16,165,337
(d) Goodwill	5	-	-	597,843,901
(c) Other Intangible Assets	5	80,766	18,798,322	71,403,309
(d) Financial Assets				
(i) Other Financial Assets	6	1,974,069	1,982,967	1,875,900
		9,338,043	33,084,465	687,288,448
Current assets				
(a) Financial Assets				
(i) Trade Receivables	7	368,920,803	443,160,970	334,716,978
(ii) Cash and Cash Equivalents	8	61,440,104	80,212,560	18,215,364
(iii) Other Financial Assets	6	233,180,561	253,723,335	232,627,358
(b) Other Current Assets	9	8,910,770,167	9,113,954,338	8,659,788,365
		9,574,311,634	9,891,051,203	9,245,348,065
TOTAL		9,583,649,677	9,924,135,668	9,932,636,513
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	11	1,289,201,737	1,289,201,737	1,289,201,738
(b) Other Equity	12	(3,409,491,250)	(3,043,616,843)	(1,993,291,110)
		(2,120,289,514)	(1,754,415,107)	(704,089,373)
Liabilities				
Non Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	13	5,580,680,527	5,323,525,451	4,704,562,294
(iii) Other Financial Liabilities	14	8,452,897	8,632,516	8,166,418
		5,589,133,424	5,332,157,967	4,712,728,712
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	13	161,808,900	264,395,600	231,361,000
(ii) Trade Payables	15			
Micro, Small and Medium Enterprises		-	-	-
Others		5,270,133,730	5,417,647,432	5,107,584,888
(iii) Other Financial Liabilities	14	669,702,509	650,146,065	579,578,035
(b) Other Current Liabilities	16	9,515,048	6,034,768	2,087,939
(c) Provisions	17	1,346,574	1,030,151	62,467
(d) Current Tax Liabilities (Net)	18	2,299,005	7,138,790	3,322,844
		6,114,805,767	6,346,392,808	5,923,997,173
TOTAL		9,583,649,677	9,924,135,668	9,932,636,513

Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements 1 to 30

As per our report of even date attached
For LODHA & CO
Chartered Accountants

For and on behalf of the board

Sd/-
R.P. Baradiya
Partner

Sd/-
Padmanabhan Iyer
M.D and Global CEO

Sd/-
Mrinal Ghosh
Director

Sd/-
Ram Sankar
CFO

3I INFOTECH INC**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)	19	3,148,597,646	3,148,023,912
Other income	20	11,362	608,438,159
Total Revenue (I)		3,148,609,008	3,756,462,072
EXPENSES			
Employee benefits expense	22	2,357,188,164	2,342,159,196
Cost of Third party products and services	21	506,135,920	508,214,314
Finance costs	23	416,991,219	381,845,777
Depreciation and amortization expense	24	45,745,974	1,098,986,073
Other expenses	25	343,425,358	235,145,586
Total Expenses (II)		3,669,486,635	4,566,350,946
Profit/(loss) before tax		(520,877,627)	(809,888,875)
Tax expense:			
Current tax		11,955,246	12,206,789
Profit/(loss) for the period		(532,832,873)	(822,095,663)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		(532,832,873)	(822,095,663)
Earnings per share for profit attributable to equity shareholders	26		
Basic EPS		(5.27)	(8.13)
Dilluted EPS		(0.95)	(2.97)

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1 to 30

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M.D and Global CEO

Sd/-

Mrinal Ghosh
Director

Sd/-

Ram Sankar
CFO

3I INFOTECH INC

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in INR)

Particulars	Notes	2016-17	2015-16
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit/(Loss) before income tax		(520,877,627)	(809,888,875)
Profit before income tax including discontinued operations		(520,877,627)	(809,888,875)
Adjustments for:			
Depreciation and amortisation expense		45,745,974	1,098,986,073
Dividend and interest income classified as investing cash flows		(9,789)	(6,494)
Finance costs		416,991,219	381,845,777
Net foreign exchange differences		39,917,176	(392,068,741)
Change in operating assets and liabilities:			
(Increase)/Decrease in trade receivables		74,240,167	(108,443,992)
Increase/(decrease) in trade payables		(149,464,663)	351,894,307
(Increase) in other financial assets		20,542,775	(21,095,978)
(Increase)/decrease in other non-current assets		8,898	(107,067)
(Increase)/decrease in other current assets		203,184,172	(454,165,974)
Increase/(decrease) in provisions		316,423	967,684
Increase in other current liabilities		3,659,899	3,480,731
Cash generated from operations		134,254,624	51,397,453
Less: Income taxes paid		16,795,031	8,390,843
Net cash inflow from operating activities		117,459,593	43,006,610
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payment for acquisition of subsidiary, net of cash acquired		(292,147)	(2,085,024)
Payments for property, plant and equipment		(21,777,195)	(13,881)
Intangible asset under development		9,789	6,494
Interest received			
Net cash outflow from investing activities		(22,059,553)	(2,092,411)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		1,937,046,704	1,718,556,550
Repayment of borrowings		(2,039,633,404)	(1,685,521,950)
Interest paid		(11,585,795)	(11,951,604)
Net cash inflow (outflow) from financing activities		(114,172,495)	21,082,996
Net increase (decrease) in cash and cash equivalents		(18,772,456)	61,997,196
Cash and Cash Equivalents at the beginning of the financial year		80,212,560	18,215,364
Cash and Cash Equivalents at end of the year		61,440,104	80,212,560
Reconciliation of cash and cash equivalents as per the cash flow statement:			
Cash and cash equivalents as per above comprise of the following:			
Cash and cash equivalents		61,440,104	80,212,560
Balances per statement of cash flows		61,440,104	80,212,560

Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements 1 to 30

As per our report of even date attached

For LODHA & CO

Chartered Accountants

Sd/-

R.P. Baradiya
Partner

For and on behalf of the board

Sd/-

Padmanabhan Iyer
M.D and Global CEO

Sd/-

Ram Sankar
CFO

Sd/-

Mrinal Ghosh
Director

3I INFOTECH INC
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	100,138,406	-	100,138,406
Amount	1,288,754,207	-	1,288,754,207
March 31, 2017			
Numbers	100,138,406	-	100,138,406
Amount	1,288,754,210	-	1,288,754,210

B Other Equity

Particulars	Equity Component of Compound financial instruments	Reserves and Surplus		Total
		Securities Premium Reserve	Retained Earnings	
As at April 1, 2015	54,807,162	2,518,334,617	(4,566,432,897)	(1,993,291,118)
Profit for the period			(822,095,663)	(822,095,663)
Other comprehensive income			-	-
Total comprehensive income for the year	54,807,162	2,518,334,617	(5,388,528,561)	(2,815,386,781)
Interest on CFI			(255,690,609)	(255,690,609)
Translation effectct	-	37	27,460,510	27,460,548
As at March 31, 2016	54,807,162	2,518,334,654	(5,616,758,660)	(3,043,616,843)
Profit for the period			(532,832,873)	(532,832,873)
Total comprehensive income for the year	54,807,162	2,518,334,654	(6,149,591,533)	(3,576,449,716)
Translation effectct	-		166,958,466	166,958,466
As at March 31, 2017	54,807,162	2,518,334,654	(5,982,633,067)	(3,409,491,250)

Significant Accounting Policies and Notes forming part of the Financial Statements

1 to 30

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Ram Sankar
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3I INFOTECH INC

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

1 Corporate Information

3i Infotech Inc (referred to "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 is a public limited Company incorporated and domiciled in the U.S. The office of the company is located at 450, Raritan Center Parkway, Edison, NJ-08837

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 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 as amended 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

(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 is 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.

3I INFOTECH INC

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

- 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.

(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.

3I INFOTECH INC

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

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 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.

3I INFOTECH INC

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

- 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 cash

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.

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.

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

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) Convertible preference shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible preference shares, 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) Investments in subsidiaries

Investments in subsidiaries are measured at cost less impairment.

m) 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	10 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.

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

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).

n) 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.

o) 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.

3I INFOTECH INC

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

p) 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.

(iv) Share-based payments

Share-based compensation benefits are provided to employees via the Employee Option Plan and share-appreciation rights.

(v) Employee options

The fair value of options granted under the Employee Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g., the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

q) 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.

3I INFOTECH INC

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

r) 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.

s) 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.

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 INC

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 2 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 Section 133 of the Companies Act, 2013 Read with Rule 7 of the Companies (Accounts) Rules 2014 as amended and other relevant provisions of the Act (previous GAAP or Indian GAAP). The explanations of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows are 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.

i. Cumulative translation differences

Ind AS 101 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. 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:

- unquoted instruments
- 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 at March 31, 2016.

iv. Investments in subsidiaries

In separate financial statements, a first-time adopter that subsequently measures an investment in a subsidiary at cost, may measure such investment at cost (determined in accordance with Ind AS 27) or deemed cost (fair value or previous GAAP carrying amount) in its separate opening Ind AS balance sheet.

Selection of fair value or previous GAAP carrying amount for determining deemed cost can be done for each subsidiary. The Company elects to carry all its investments in subsidiaries at previous GAAP carrying amount as deemed cost.

v. Compound financial instruments

When the liability component of a compound financial instrument is no longer outstanding at the date of transition to Ind AS, a first-time adopter may elect not to apply Ind AS 32 retrospectively to split the liability and equity components of the instrument.

vi. Extinguishing financial liabilities with equity instruments

Appendix D to Ind AS 109 addresses accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor to extinguish all or part of the financial liability. It broadly requires that equity instruments issued to a creditor to extinguish all or part of a financial liability is treated as consideration paid and measured at their fair value at the date of extinguishment. The difference between the carrying amount of the financial liability and the consideration paid (including any cash or other financial asset) should be recognised in profit or loss. The consideration amount is the fair value of the equity shares issued, and if that is not reliably measurable, the fair value of the liability that is being redeemed. A first-time adopter may apply these requirements either retrospectively or from the date of transition to Ind AS. Therefore the Company elects to apply these requirements prospectively from the date of transition to Ind AS.

vii. Share based payment transactions

A first-time adopter is encouraged, but not required, to apply Ind AS 102 Share-based Payment to equity instruments which were vested on or before the date of transition to Ind AS. However, if a first-time adopter elects to apply Ind AS 102 to such equity instruments, it may do so only if the entity has disclosed publicly the fair value of those equity instruments determined at the measurement date as defined in Ind AS 102.

Therefore, Ind AS 102 Share-based Payment has not been applied to equity instruments in share-based payment transactions that vested before April 1, 2015.

viii. 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 INC

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		16,165,337		16,165,337
(d) Goodwill		597,843,901		597,843,901
(e) Other Intangible Assets		71,403,309		71,403,309
(iv) Other Financial Assets		1,875,900		1,875,900
		687,288,448		687,288,448
Current assets				
(b) Financial Assets				
(ii) Trade Receivables		334,716,978		334,716,978
(iii) Cash and Cash Equivalents		18,215,364		18,215,364
(vi) Other Financial Assets		232,627,358		232,627,358
(d) Other Current Assets		8,659,788,365		8,659,788,365
		9,245,348,065		9,245,348,065
		9,932,636,513		9,932,636,513
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	1	4,034,138,005	(2,744,936,272)	1,289,201,734
(b) Other Equity	2 & 3	(330,369,934)	(1,662,921,172)	(1,993,291,106)
		3,703,768,071	(4,407,857,444)	(704,089,373)
Liabilities				
Non Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	2	296,704,850	4,407,857,444	4,704,562,294
(iii) Other Financial Liabilities		8,166,418		8,166,418
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings		231,361,000		231,361,000
(ii) Trade Payables		-		-
Others		5,107,584,888		5,107,584,888
(iii) Other Financial Liabilities		579,578,035		579,578,035
(b) Other Current Liabilities		2,087,939		2,087,939
(c) Provisions		62,467		62,467
(d) Current Tax Liabilities (Net)		3,322,844		3,322,844
		6,228,868,441	4,407,857,444	10,636,725,885
		9,932,636,513	-	9,932,636,513
TOTAL				
		9,932,636,513	-	9,932,636,513

3I INFOTECH INC
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		12,303,176	-	12,303,176
(b) Other Intangible Assets		18,798,322	-	18,798,322
(c) Financial Assets				
(i) Other Financial Assets		1,982,967	-	1,982,967
		33,084,465	-	33,084,465
Current assets				
(a) Financial Assets				
(i) Trade Receivables		443,160,970	-	443,160,970
(ii) Cash and Cash Equivalents		80,212,560	-	80,212,560
(iii) Other Financial Assets		253,723,335	-	253,723,335
(b) Other Current Assets		9,113,954,338	-	9,113,954,338
		9,891,051,203	-	9,891,051,203
TOTAL		9,924,135,668		9,924,135,668
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	1	4,034,138,028	(2,744,936,292)	1,289,201,737
(b) Other Equity	2 & 3	(778,666,964)	(2,264,949,879)	(3,043,616,843)
		3,255,471,064	(5,009,886,170)	(1,754,415,107)
Liabilities				
Non Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	2	313,639,281	5,009,886,170	5,323,525,451
(ii) Other Financial Liabilities		8,632,516	-	8,632,516
		322,271,797	5,009,886,170	5,332,157,967
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings		264,395,600	-	264,395,600
(ii) Trade Payables				
Others		5,417,647,432	-	5,417,647,432
(iii) Other Financial Liabilities		650,146,065	-	650,146,065
(b) Other Current Liabilities		6,034,768	-	6,034,768
(c) Provisions		1,030,151	-	1,030,151
(d) Current Tax Liabilities (Net)		7,138,790	-	7,138,790
		6,346,392,808	-	6,346,392,808
TOTAL		9,924,135,668	-	9,924,135,668

3I INFOTECH INC
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)		3,148,023,912	-	3,148,023,912
Other income		608,438,159	-	608,438,159
Total Revenue (I)		3,756,462,072	-	3,756,462,072
EXPENSES				
Cost of Third party products and services		508,214,314	-	508,214,314
Employee benefits expense		2,342,159,196	-	2,342,159,196
Finance costs	2 & 4	35,507,688	346,338,089	381,845,777
Depreciation and amortization expense		1,098,986,073	-	1,098,986,073
Other expenses		235,145,586	-	235,145,586
Total Expenses (II)		4,220,012,857	346,338,089	4,566,350,946
Profit/(loss) before tax		(463,550,785)	(346,338,089)	(809,888,875)
Tax expense:				
Current tax		12,206,789	-	12,206,789
Profit/(loss) for the period		(475,757,574)	(346,338,089)	(822,095,663)

* 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	Note	March 31, 2016	April 1, 2015
Total equity (shareholder's funds) as per previous GAAP		3,255,471,064	3,703,768,071
Adjustments:			
Reclassification from equity to financial liabilities	1	(2,744,936,292)	(2,744,936,272)
Fair valuation of financial instruments	1 & 2	(2,264,949,879)	(1,662,921,172)
Total adjustments		(5,009,886,170)	(4,407,857,444)
Total equity as per Ind AS		(1,754,415,107)	(704,089,373)

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	(475,757,574)
Adjustments:	
Interest expense on Financial instrument	2 & 4
	(346,338,089)
Total adjustments	(346,338,089)
Profit after tax as per Ind AS	(822,095,663)
Other comprehensive income	
Total comprehensive income as per Ind AS	(822,095,663)

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: Redeemable preference shares

The Company has issued non convertible redeemable preference shares. The preference shares carry fixed cumulative dividend which is non-discretionary. Under Indian GAAP, the preference shares were classified as equity and dividend payable thereon was treated as distribution of profit.

Under Ind AS, non convertible redeemable preference shares are classified as financial liability as per Ind AS 32 and accounted at fair value. Interest on financial liability is recognised using the effective interest method.

3I INFOTECH INC

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

Note 2: Fair valuation of other financial instruments

Under Indian GAAP, the Company accounted for long term investments in unquoted debt instruments (preference shares) as investments measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, such investments are to be measured initially at fair value and these investments have been designated as financial assets at amortised cost.

Under Indian GAAP, interest free borrowing is initially measured at the transaction value at the time of initial measurement without any adjustments in regard to the fair value. Under Ind AS, interest free borrowings is to be initially measured at fair value. Subsequently these liabilities are measured at amortised cost.

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method. Under previous GAAP, these transaction costs were charged to profit or loss as and when incurred.

Under Indian GAAP, interest free security deposit given is measured at the transaction value at the time of initial measurement without any adjustments in regard to the fair value. Under Ind AS, interest free security deposit is to be initially measured at fair value. As at the date of transition, the interest free security deposit has been recognised at fair value based on the facts and circumstances which existed at the date of initial measurement by giving corresponding effect to retained earnings for the period from initial measurement to the date of transition and to other current assets (pre-paid expense) for the remaining period of deposit post the date of transition.

Note 3: Retained earnings

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

Note 4: 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 INC**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

4. PROPERTY, PLANT AND EQUIPMENT					
(Amount in INR)					
Particulars	Furniture and Fixtures	Office Equipments	Computer Hardwares	Leasehold Improvements	Total
GROSS CARRYING VALUE					
As at April 1, 2015	9,357,052	1,342,595	4,486,673	978,989	16,165,309
Additions	-	281,471	328,571	1,474,982	2,085,024
As at March 31, 2016	9,357,052	1,624,066	4,815,244	2,453,970	18,250,332
Additions	-	46,832	245,315	-	292,147
As at March 31, 2017	9,357,052	1,670,898	5,060,558	2,453,970	18,542,479
ACCUMULATED DEPRECIATION/IMPAIRMENT					
As at April 1, 2015	-	-	-	-	-
Depreciation for the year	2,823,409	516,201	1,347,946	1,259,564	5,947,120
As at March 31, 2016	2,823,409	516,201	1,347,946	1,259,564	5,947,120
Depreciation for the year	2,894,505	566,193	1,215,126	575,409	5,251,234
As at March 31, 2017	5,717,914	1,082,394	2,623,990	1,834,973	11,259,271
Net Carrying value as at March 31, 2017	3,639,138	588,505	2,436,568	618,998	7,283,208
Net Carrying value as at March 31, 2016	6,533,643	1,107,865	3,467,297	1,194,407	12,303,212
Net Carrying value as at April 1, 2015	9,357,052	1,342,595	4,486,673	978,989	16,165,309

3I INFOTECH INC**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017****5. INTANGIBLE ASSETS**

Particulars	(Amount in INR)			
	Goodwill	Computer Software	Others	Total
GROSS CARRYING VALUE				
As at April 1, 2015	597,843,886	352,579	71,050,734	669,247,199
Additions	442,576,165	13,881	-	442,590,046
As at March 31, 2016	1,040,420,051	366,460	71,050,734	1,111,837,245
Additions	-	-	21,777,195	21,777,195
As at March 31, 2017	1,040,420,051	366,460	92,827,930	1,133,614,441
ACCUMULATED AMORTISATION AND IMPAIRMENT				
As at April 1, 2015	-	-	-	-
Amortisation for the year	1,040,420,051	160,138	52,458,695	1,093,038,884
As at March 31, 2016	1,040,420,051	160,138	52,458,695	1,093,038,884
Amortisation for the year	-	159,782	40,334,959	40,494,740
As at March 31, 2017	1,040,420,051	319,920	92,793,653	1,133,533,624
Net Carrying value as at March 31, 2017	-	46,540	34,276	80,817
Net Carrying value as at March 31, 2016	-	206,322	18,592,040	18,798,362
Net Carrying value as at April 1, 2015	597,843,886	352,579	71,050,734	669,247,199

Significant Estimate : Useful life of Intangible Assets

Refer to sub note (n) of Note 2 'Significant Accounting Policies'.

3I INFOTECH INC**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017****6. FINANCIAL ASSETS**

(Amount in INR)			
Particulars	March 31, 2017	March 31, 2016	April 1, 2015
(A) OTHER FINANCIAL ASSETS			
Non Current			
Financial assets carried at amortised cost			
Security Deposits	1,974,069	1,982,967	1,875,900
Total	1,974,069	1,982,967	1,875,900
Current			
Financial assets carried at amortised cost			
Unbilled Revenue	233,180,561	253,723,335	232,627,358
Total	233,180,561	253,723,335	232,627,358

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

7. TRADE RECEIVABLES			
(Amount in INR)			
Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Current			
Trade Receivables from customers	362,679,874	420,280,362	333,954,409
Receivables from other related parties	6,240,928	22,880,608	762,570
	368,920,803	443,160,970	334,716,978
Breakup of Security details			
Unsecured, considered good	368,920,803	443,160,970	334,716,978
Doubtful	20,141,420	20,492,668	33,358,880
	389,062,223	463,653,638	368,075,858
Impairment Allowance (allowance for bad and doubtful debts)			
Unsecured, considered good	-	-	-
Doubtful	20,141,420	20,492,668	33,358,880
	20,141,420	20,492,668	33,358,880
	368,920,803	443,160,970	334,716,978

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).

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

8. CASH AND CASH EQUIVALENTS

(Amount in INR)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Balances with banks:			
- On current accounts	61,440,104	80,212,560	18,215,364
Cash on hand	-	-	-
	61,440,104	80,212,560	18,215,364

9. OTHER ASSETS

(Amount in INR)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Current			
Advances other than Capital advances			
- Advances to Related Parties	8,884,815,864	9,073,613,307	8,583,698,672
- Advances to creditors	1,294,471	6,649,549	6,804,452
- Other Advances	18,732,647	22,318,099	8,870,006
Others			
- Prepaid expenses	5,927,184	11,373,383	60,415,235
Total	8,910,770,167	9,113,954,338	8,659,788,365

3I INFOTECH INC**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017****10. INCOME TAX**

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	11,955,246	12,206,789
Income tax expense recognised in profit or loss	11,955,246	12,206,789

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
Profit before tax	(520,877,627)	(809,888,875)
Accounting profit before income tax	(520,877,627)	(809,888,875)
Rate consider for Console	34.61%	34.61%
Rate consider for standalone	44.91%	44.25%
Enacted tax rate in India	32.45%	32.45%
Income tax on accounting profits	(180,265,329)	(280,286,342)
Effect of		
Translation effect	167,255,823	(89,929,858)
Utilisation of previously unrecognised tax losses	(1,770,531)	(1,701,702)
Depreciation	(1,277,051)	(3,927,435)
Accounting expenses not deductible for tax purpose	32,657,455	491,245,559
Expenditure allowable on payment basis	(771,225)	-
Difference in rate consider for standalone and Console	(3,873,895)	(103,193,434)
Tax at effective income tax rate	11,955,246	12,206,789

3I INFOTECH INC**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017****11. SHARE CAPITAL****i. Authorised Share Capital**

	Equity Share (Class A) (USD 0.30 Each)		Equity Share (Class B) (USD 0.01 Each)	
	Number	Amount	Number	Amount
At April 1, 2015	100,200,000	30,060,000	1,000,000	10,000
Increase/(decrease) during the year		-	-	-
At March 31, 2016	100,200,000	30,060,000	1,000,000	10,000
Increase/(decrease) during the year				
At March 31, 2017	100,200,000	30,060,000	1,000,000	10,000

	Optionally Convertible Preferred Stock (Class A) (USD 1 Each)		Optionally Convertible Preferred Stock (Class B) (USD 1 Each)	
	Number	Amount	Number	Amount
At April 1, 2015	21,000,000	21,000,000	29,000,000	29,000,000
Increase/(decrease) during the year		-		-
At March 31, 2016	21,000,000	21,000,000	29,000,000	29,000,000
Increase/(decrease) during the year				
At March 31, 2017	21,000,000	21,000,000	29,000,000	29,000,000

	Optionally Convertible Preferred Stock (Class C) (USD 1 Each)	
	Number	Amount
At April 1, 2015	37,000,000	37,000,000
Increase/(decrease) during the year		-
At March 31, 2016	37,000,000	37,000,000
Increase/(decrease) during the year		
At March 31, 2017	37,000,000	37,000,000

Terms/rights attached to equity shares

The Company has Class A of equity shares having a par value of USD 0.30 each & Class B of equity shares having par value of USD 0.01 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.

Terms/rights attached to preference shares

The terms of Class A Preference Shares having face value of INR 5 each, have been amended and these are now redeemable on March 15, 2026, dividend payable for the period upto March 31, 2016 has been waived, and the premium payable on redemption; which would have provided the preference share holder an internal rate of return @6% per annum would no longer be payable and would carry a dividend of 0.10 % per annum.

Class B Preference Shares of face value of INR 5 each are redeemable on March 15, 2026 and would carry a dividend of 0.10 % per annum.

Class C Preference Shares of face value of INR 1 each with a premium of INR 4 each are redeemable on March 15, 2026 and would carry a dividend of 0.10 % per annum.

3I INFOTECH INC**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

ii. Issued Capital

Equity Shares	Class A		Class B	
	Number	Amount	Number	Amount
Equity shares of INR 10 each issued, subscribed and fully paid				
At April 1, 2015	100,138,406	1,288,754,207	1,000,000	447,527
Issued during the period				
Shares issued towards conversion of FCCB				
Shares issued under CDR				
At March 31, 2016	100,138,406	1,288,754,210	1,000,000	447,527
Issued during the period				
Shares issued towards conversion of FCCB		-		-
Shares issued under CDR		-		-
At March 31, 2017	100,138,406	1,288,754,210	1,000,000	447,527

Preference Shares	Optionally Convertible Preferred Stock (Class B) of USD 1 each issued and fully paid		Optionally Convertible Preferred Stock (Class C) of USD 1 each issued and fully paid	
	Number	Amount	Number	Amount
At April 1, 2015	23,129,051	-	36,069,425	
Issued during the period				
At March 31, 2016	23,129,051	-	36,069,425	
Issued during the period				
At March 31, 2017	23,129,051	-	36,069,425	-

This note covers the number of preference shares issued by the company. Since the preference shares are non convertible redeemable shares, it is reflected in financial liabilities

3I INFOTECH INC
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
Securities Premium Reserve	2,518,334,654	2,518,334,654	2,518,334,617
Retained Earnings	(5,982,633,067)	(5,616,758,660)	(4,566,432,897)
	(3,464,298,412)	(3,098,424,005)	(2,048,098,280)

(a) Securities Premium Reserve

	March 31, 2017	March 31, 2016
Opening balance	2,518,334,654	2,518,334,617
Closing balance	2,518,334,654	2,518,334,617

(b) Retained Earnings

(Amount in INR)

	March 31, 2017	March 31, 2016
Opening balance	(5,616,758,660)	(4,566,432,897)
Net Profit/(Loss) for the period	(532,832,873)	(822,095,663)
Add/(Less):		
Interest on CFI	-	(255,690,609)
Forex	166,958,466	27,460,510
Closing balance	(5,982,633,067)	(5,616,758,660)

3I INFOTECH INC**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017****Components of Other Comprehensive Income (OCI)****i. Other Components of Equity****(Amount in INR)**

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Equity Component of Compound financial instruments	54,807,162	54,807,162	54,807,170
Total	54,807,162	54,807,162	54,807,170

3I INFOTECH INC**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017****13. BORROWINGS**

(Amount in INR)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Non Current Borrowings			
Unsecured			
(a) Loans from Related Parties	307,113,292	313,639,281	296,704,850
(b) Liability Component of Compound Financial Instruments	5,273,567,235	5,009,886,170	4,407,857,444
Total	5,580,680,527	5,323,525,451	4,704,562,294
Current Borrowings			
Secured			
Loans repayable on demand From Banks	161,808,900	264,395,600	231,361,000
Total	161,808,900	264,395,600	231,361,000

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

Particulars	Maturity Date	Terms of Repayment	Coupon / Interest Rate	March 31, 2017	March 31, 2016	April 1, 2015
(Amount in INR)						
Non Current Borrowings						
Unsecured						
(b) Loans from Related Parties				307,113,292	313,639,281	296,704,850
3i APAC - Singapore	12/16/2017		Libor + 7%	177,989,790	181,771,975	171,957,500
3i APAC - Malaysia	4/4/2018		Libor + 7%	97,085,340	99,148,350	93,795,000
3i Holdings Pvt. Ltd	11/11/2017		4%	32,038,162	32,718,956	30,952,350
Net Non Current Borrowings (as per Balance sheet)				307,113,292	313,639,281	296,704,850

Convertible Preference Shares

The Company has issued 23,129,051 of Series B, convertible preference shares on July,21st,2012 and has issued 36,069,425 of Series C, convertible Preference shares on July,21st,2012. Each Series B share has a par value of USD 1 and each Series C share has a par value of USD 1 is convertible at the option of the shareholders into equity shares of the company starting from July,21st,2017 on the basis of one equity share for every one preference share held. Any preference shares not converted will be redeemed on July,21st,2017 at a price of USD 0.30 per share. The preference shares rank ahead of the equity shares in the event of a liquidation. The presentation of the liability and equity components of these shares is explained below:

	March 31, 2017	March 31, 2016	April 1, 2015
Value of preference shares issued			
- Series B @ USD 1,each share	1,095,266,893	1,095,266,893	1,095,266,893
- Series C @ USD 1,each share	1,649,669,379	1,649,669,379	1,649,669,379
Interest expense	2,149,354,992	1,973,418,952	1,717,728,343
Non Current Borrowings	4,894,291,263	4,718,355,224	4,462,664,614

Particulars	Maturity Date	Terms of Repayme	Coupon / Interest Rate	March 31, 2017	March 31, 2016	April 1, 2015
(Amount in INR)						
Current Borrowings						
Secured						
Loans repayable on demand						
From Banks	9/30/2017	Cash Credit	6%	161,808,900	264,395,600	231,361,000

3I INFOTECH INC**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017****14. OTHER FINANCIAL LIABILITIES****(Amount in INR)**

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Non Current			
(i) Financial Liabilities at amortised cost			
Retention Payable	8,452,897	8,632,516	8,166,418
Total	8,452,897	8,632,516	8,166,418
Current			
Other Payables	16,940,053	25,455,971	12,939,771
Interest accrued and due on borrowings	-	875,259	1,135,357
Interest accrued but not due on borrowings	136,104,748	113,722,085	84,725,718
Application money received for allotment of securities to the extent refundable and interest accrued thereon	356,105,750	356,105,750	356,105,750
Dues to employees	160,551,958	153,987,001	124,671,439
Total	669,702,509	650,146,065	579,578,035

3I INFOTECH INC**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017****15. 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	5,210,530,182	5,345,995,404	5,028,107,382
Trade Payables to Others	59,603,548	71,652,028	79,477,506
Total	5,270,133,730	5,417,647,432	5,107,584,888

16. OTHER LIABILITIES

(Amount in INR)			
Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Current			
Unearned Revenue	7,681,848	3,708,947	102,737
Others			
Statutory Liabilities	1,833,201	2,325,821	1,985,202
Total	9,515,048	6,034,768	2,087,939

3I INFOTECH INC**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017****17. PROVISIONS**

Particulars	(Amount in INR)		
	March 31, 2017	March 31, 2016	April 1, 2015
Current			
Others Provision for Employee benefits	1	-	62,467
Onerous Operating lease	1,346,574	1,030,151	-
Total	1,346,574	1,030,151	62,467

18. CURRENT TAX LIABILITY(NET)

Particulars	(Amount in INR)		
	March 31, 2017	March 31, 2016	April 1, 2015
Opening balance	11,554,475	12,426,702	3,322,844
Add: Current tax payable for the year	-	-	-
Less: Taxes paid	(9,255,469)	(5,287,912)	-
Closing Balance	2,299,005	7,138,790	3,322,844

3I INFOTECH INC**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017****19. REVENUE FROM OPERATIONS**

(Amount in INR)

Particulars	2016-17	2015-16
Sale of services		
IT Solutions	3,148,597,646	3,148,023,912
	3,148,597,646	3,148,023,912

20. OTHER INCOME

(Amount in INR)

Particulars	2016-17	2015-16
Interest income on Others	9,789	6,494
Other Non Operating Income		
Foreign Exchange Fluctuation Gain	-	607,857,318
Miscellaneous Income	1,573	574,348
	11,362	608,438,159

21. COST OF THIRD PARTY PRODUCTS AND SERVICES

(Amount in INR)

Particulars	2016-17	2015-16
Cost of third party products / outsourced services	506,135,920	508,214,314
	506,135,920	508,214,314

22. EMPLOYEE BENEFITS EXPENSE

(Amount in INR)

Particulars	2016-17	2015-16
Salaries, wages and bonus	2,350,825,216	2,332,220,804
Contribution to provident and other funds	466,842	6,591,436
Staff welfare expenses	418,648	236,720
Recruitment and training expenses	5,477,459	3,110,236
	2,357,188,164	2,342,159,196

23. FINANCE COST

(Amount in INR)

Particulars	2016-17	2015-16
Interest expense on debts and borrowings	416,991,219	381,845,777
	416,991,219	381,845,777

3I INFOTECH INC**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017****24. DEPRECIATION AND AMORTISATION EXPENSE**

(Amount in INR)		
Particulars	2016-17	2015-16
Depreciation on tangible assets	5,251,234	5,947,156
Amortisation on intangible assets	40,494,740	1,093,038,917
	45,745,974	1,098,986,073

25. OTHER EXPENSES

(Amount in INR)		
Particulars	2016-17	2015-16
Electricity power, fuel and water	2,019,292	2,379,026
Repairs and maintenance		
Building	84,712	399,106
Others	2,688,297	3,339,471
Advertisement	326,632	329,379
Payments to auditors (Refer note below)	7,145,541	14,223,891
Bad Debts written off	20,237,484	18,236,488
Insurance	9,311,944	9,453,749
Legal and professional fees	73,580,322	75,713,253
Rates and taxes	4,325,901	8,264,049
Rent	10,935,191	11,542,949
Sales promotion expenses	2,161,317	3,080,912
Security charges	173,119	73,734
Telephone and internet expenses	4,469,564	5,038,772
Travelling & conveyance expenses	36,161,309	37,393,486
Allowance for doubtful debts and advances	77,755	(14,596,877)
Bank charges	3,484,666	3,448,090
Printing and stationery	962,172	797,534
Office Expenses	2,257,906	2,606,423
Foreign exchange fluctuation loss	102,602,060	-
Miscellaneous expenses	60,420,175	53,422,152
	343,425,358	235,145,586

(a) Details of Payments to auditors

(Amount in INR)		
	2016-17	2015-16
As auditor		
Audit Fee	1,339,370	3,919,398
Tax audit fee	4,018,111	3,919,398
In other capacity		
Other services (certification fees)	1,285,796	3,578,868
	6,643,277	11,417,664

3I INFOTECH INC**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

26. EARNINGS PER SHARE		
	(Amount in INR)	
Particulars	March 31, 2017	March 31, 2016
(a) Basic earnings per share	(5.27)	(8.13)
(b) Dilluted earnings per share	(0.95)	(2.97)
Total dilluted earnings per share attributable to the equity holders of the company	(0.95)	(2.97)
(c) Reconciliations of earnings used in calculating earnings per share		
<i>Basic earnings per share</i>		
Profit attributable to the equity holders of the company used in calculating basic earnings per share	(532,832,873)	(822,095,663)
<i>Dilluted earnings per share</i>		
Profit attributable to the equity holders of the company used in calculating basic earnings per share	(152,148,014)	(475,757,574)
(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	101,138,406	101,138,407
Adjustments for calculation of dilluted earnings per share:		
Options	-	-
Convertible Bonds	-	-
Convertible Preference shares	59,198,476	59,198,476
Weighted average number of equity shares used as the denominator in calculating dilluted earnings per share	160,336,882	160,336,883

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

27. COMMITMENTS AND CONTINGENCIES

(Amount in INR)

i. Leases

Operating lease commitments - Company as lessee

The company leases various offices, warehouses and retail stores under non-cancellable operating leases expiring within 5 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 1.04 Crores (March 31, 2016: INR 0.96 Crores) 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	10,232,795	10,232,110	9,150,640
Later than one year but not later than five years	23,048,060	33,988,054	40,894,620
later than five years	-	-	937,950
	33,280,855	44,220,164	50,983,210

Contingent rents recognised as expense in the period

Operating lease commitments - Company as lessor

The Company has entered into operating leases on its investment property portfolio consisting of certain offices and buildings. These leases have terms of between 5 years (from 01/01/2015 to 03/31/2010). All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The total rents recognised as income during the year is INR 0.23 Crores (March 31, 2016: INR 0.22 Crores).

	March 31, 2017	March 31, 2016	April 1, 2015
Minimum lease rentals receivables in relation to non cancellable operating leases are as follows			
Within one year	2,174,712	2,220,923	2,101,008
Later than one year but not later than five years	4,349,423	6,662,769	8,404,032
later than five years	-	-	-
	6,524,135	8,883,692	10,505,040

Contingent rents recognised as income in the period

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

(Amount in INR)

28. 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 Ltd	Main Parent Company	India
3i Infotech Asia Pacific Pte Limited	Fellow Subsidiary	Singapore
3i Infotech SDN BHD	Fellow Subsidiary	Malaysia
3i Infotech (UK) Limited	Fellow Subsidiary	UK
3i Infotech (Thailand) Limited	Fellow Subsidiary	Thailand
3i Infotech Services SDN BHD	Fellow Subsidiary	Malaysia
3i Infotech Trusteeship Services Limited (upto 15 th October , 2015)	Fellow Subsidiary	India
3i Infotech (Western Europe) Holdings Limited (upto 8th February ,2016)	Fellow Subsidiary	UK
3i Infotech (Western Europe) Group Limited	Fellow Subsidiary	UK
Rhyme Systems Limited	Fellow Subsidiary	UK
3i Infotech (Western Europe) Limited	Fellow Subsidiary	UK
3i Infotech Holdings Private Limited	Holding Company	Mauritius
3i Infotech Financial Software Inc.	Fellow Subsidiary	USA
3i Infotech Saudi Arabia LLC	Fellow Subsidiary	Saudi Arabia
3i Infotech (Africa) Limited	Fellow Subsidiary	Kenya
Black Barret Holdings Limited	Fellow Subsidiary	Cyprus
Professional Access Software Development Private Limited	Fellow Subsidiary	India
3i Infotech (Middle East) FZ LLC	Fellow Subsidiary	UAE
3i Infotech Consultancy Services Limited	Fellow Subsidiary	India
3i Infotech BPO Limited	Fellow Subsidiary	India
3i Infotech (Flagship-UK) Limited	Fellow Subsidiary	UK
3i Infotech Framework Limited (upto 08 th February,2016)	Fellow Subsidiary	UK
Locuz Enterprise Solutions Limited	Fellow Subsidiary	India
Elegon Infotech Limited	Fellow Subsidiary	China
IFRS Cloud Solutions Limited (formerly known as 3i Infotech Outsourcing Se	Fellow Subsidiary	India
3i Infotech (South Africa) (Pty) Limited	Fellow Subsidiary	Republic of South Africa
Locuz Inc.	Fellow Subsidiary	USA

Key Managerial Personnel (KMP) :

Name	Designation / Details
1. Mr. Padmanabhan Iyer	Managing Director and Global CEO
2. Mr. Mrinal Ghosh	Director
3. Mr. Prasad Bendre	Vice President and Officer of the Company
4. Mr. Ram Sankar	CFO / Secretary and Treasurer

3i INFOTECH INC

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
Locuz Inc	Fellow Subsidiary	Expenses incurred on t	8,354,691	7,991,391
3i Infotech BPO Ltd	Fellow Subsidiary	Offshore services	1,173,414	-
3i Factoring Soln	Fellow Subsidiary	cost of third party serv	49,161,029	321,403,047
3i Holding Pvt Ltd	Holding Company	Interest on Loan	1,325,975	1,789,500
3i Infotech Ltd	Main Parent Company	Offshore services	357,762,974	515,545,126
3i Infotech APAC Loan & Interest	Fellow Subsidiary	Interest on Loan	24,281,364	22,087,646
3i Infotech - UK	Fellow Subsidiary	Expenses incurred on t	556,385	14,109,337

(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				
Locuz Inc	Fellow Subsidiary	5,703,195	8,603,747	489,562
3i Infotech - UK	Fellow Subsidiary	537,734	14,276,861	273,007
Trade Payables				
3i Infotech BPO Ltd	Fellow Subsidiary	(1,134,078)	-	-
3i Factoring Soln	Fellow Subsidiary	(1,544,238,432)	(1,572,594,614)	(1,465,936,336)
3i Holding Pvt Ltd	Holding Company	(35,330,021)	(34,772,007)	(31,181,571)
3i Infotech India	Main Parent Company	(3,664,920,410)	(3,773,158,486)	(3,561,941,824)
3i Infotech APAC Loan & Interest	Fellow Subsidiary	(408,125,282)	(392,831,662)	(350,478,218)

3I INFOTECH INC

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

(iv) Loans&Advances to/from related parties

Name	Nature of Relationship	Particulars	March 31, 2017	March 31, 2016
Advances to related parties				
3I MEA FZ LLC	Fellow Subsidiary	Beginning of the year	9,073,613,308	8,583,698,672
		Loans advanced		
		Loan repayments received		
		Interest charged		
		Interest received		
		End of the year	8,884,815,864	9,073,613,308
		Translation effect	(188,797,443)	489,914,636
Loans from related parties				
3i APAC	Fellow Subsidiary	Beginning of the year	392,831,662	350,478,218
		Loans received	-	-
		Loan repayments made	-	-
		Interest charged	24,281,364	22,087,646
		Interest paid	-	-
		End of the year	408,125,282	392,831,662
		Translation effect	(8,987,744)	20,265,798
3i Holding Pvt. Ltd	Holding Company	Beginning of the year	34,772,007	31,181,571
		Loans received	-	-
		Loan repayments made	-	-
		Interest charged	1,325,977	1,789,500
		Interest paid	-	-
		End of the year	34,772,007	34,772,007
		Translation effect	(1,325,977)	1,800,935

(v) Key management personnel compensation

	March 31, 2017	March 31, 2016
Salaries and other employee benefits to Whole-time directors and executive officers	28,681,446	27,511,821
Post-employment benefits	-	-
Long term employee benefits	-	-
Employee share based payment	-	-
	28,681,446	27,511,821

(vi) 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.

(vii) Commitments with related parties

There are no commitments with related parties.

3I INFOTECH INC

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

29. 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	368,920,803	443,160,970	334,716,978	368,920,803	443,160,970	334,716,978
Cash and Cash Equivalents	61,440,104	80,212,560	18,215,364	61,440,104	80,212,560	18,215,364
Other Financial Assets	235,154,629	255,706,302	234,503,258	235,154,629	255,706,302	234,503,258
Total	665,515,536	779,079,832	587,435,600	665,515,536	779,079,832	587,435,600
FINANCIAL LIABILITIES						
Amortised cost						
Borrowings	5,742,489,427	5,587,921,051	4,935,923,294	5,742,489,427	5,587,921,051	4,935,923,294
Trade Payables	5,270,133,730	5,417,647,432	5,107,584,888	5,270,133,730	5,417,647,432	5,107,584,888
Other financial liabilities	669,702,509	650,146,065	579,578,035	669,702,509	650,146,065	579,578,035
Total	11,682,325,666	11,655,714,549	10,623,086,216	11,682,325,666	11,655,714,549	10,623,086,216

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, 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.

The fair value of investments in preference shares and unquoted equity instruments carried at fair value through profit or loss are not materially different from their carrying amount. Hence the impact of fair valuation is considered to be insignificant in the financial statements.

3I INFOTECH INC

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

29. 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 company has not entered into foreign currency transactions and hence it is not exposed to Foreign currency exchange rate risk

(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.

(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 60.21 crores (March 31, 2016: INR 69.69 crores, April 1, 2015: INR 56.73 crores). The lifetime expected credit loss on customer balance for the year ended March 31, 2017 is INR 2.01 crores (March 31, 2016: INR 2.05 crores, April 1, 2015: INR 3.34 crores).

3I INFOTECH INC

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

Reconciliation of loss allowance provision - Trade receivables and Unbilled revenue

(Amount in INR)

Particulars	March 31, 2017	March 31, 2016
Balance at the beginning	20,492,668.41	33,358,879.58
Impairment loss recognised/reversed	(351,248.63)	(12,866,211.17)
Balance at the end	20,141,419.78	20,492,668.41

(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	Due in 1-2 year	Due in 2-5 year	Due after 5 years	Total
Non-derivative financial liabilities :					
Trade and other payables	5,270,133,730	-	-	-	5,270,133,730
Other financial liabilities	669,702,509	-	-	-	669,702,509
Total	5,939,836,239	-	-	-	5,939,836,239

March 31, 2016

(Amount in INR)

	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	5,417,647,432	-	-	-	5,417,647,432
Other financial liabilities	650,146,065	-	-	-	650,146,065
Total	6,067,793,498	-	-	-	6,067,793,498

April 1, 2015

(Amount in INR)

	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	5,107,584,888	-	-	-	5,107,584,888
Other financial liabilities	579,578,035	-	-	-	579,578,035
Total	5,687,162,922	-	-	-	5,687,162,922

3I INFOTECH INC**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

(Amount in INR)

31. CAPITAL MANAGEMENT

For the purpose 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.

	March 31, 2017	March 31, 2016	April 1, 2015
Borrowings other than convertible preference shares	2,997,553,136	2,842,984,759	1,718,190,149
Trade payables	5,270,133,730	5,417,647,432	5,107,584,888
Other payables	691,316,034	672,982,292	593,217,704
Less: cash and cash equivalents	(61,440,104)	(80,212,560)	(18,215,364)
Net Debt	8,897,562,795	8,853,401,924	7,400,777,376
Convertible preference shares	2,744,936,292	2,744,936,292	3,217,733,145
Equity	(2,120,289,514)	(1,754,415,107)	(704,089,373)
Total Capital	624,646,778	990,521,185	2,513,643,773
Capital and net debt	9,522,209,573	9,843,923,108	9,914,421,148
Gearing ratio	93	90	75

For and on behalf of the board

Sd/-
Padmanabhan Iyer
M.D and Global CEO

Sd/-
Mrinal Ghosh
Director

Sd/-
Ram Sankar
CFO