3i INFOTECH HOLDINGS PRIVATE LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31,2018

GMJ & Co

Chartered Accountants

3rd & 4th Floor, Vaastu Darshan,
'B'wing, Above Central Bank of India,
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Mumbai - 400 069.
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Independent Auditors' Report

To the Board of Directors of
3i INFOTECH HOLDINGS PRIVATE LIMITED

Report on the Special Purpose Ind AS Financial Statements

We have audited the accompanying Special Purpose Ind AS Financial Statements of **3i INFOTECH HOLDINGS PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss, The Statement of Cash Flows and Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS Financial Statements"). The Special Purpose Ind AS Financial Statements have been prepared by the management as described in note 2(a) to the Special Purpose Ind AS Financial Statements.

Management's Responsibility for the Special Purpose Ind AS Financial Statements

Management is responsible for the preparation of these Special Purpose Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and statement of changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder as described in note 2(a) to the Special Purpose Ind AS Financial Statements.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Special Purpose Ind AS Financial Statements based on our audit.
We have taken into account the provisions of the act, the accounting and auditing standards and the matter which are required to be included in audit report under the provisions of the Act and the Rules made thereunder, to the extent applicable.
We have conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and

GMJ & CO MUMBAI FRN NO. 103429W CHARTERED ACCOUNTANTS perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Special Purpose Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Special Purpose Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal financial control relevant to the company's preparation of the Special Purpose Ind AS Financial Statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Special Purpose Ind AS Financial Statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the financial position of the company as at March 31, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis of Accounting and Restriction on Use

We draw attention to Note 2(a) to the Special Purpose Ind AS Financial Statements, which describes the basis of accounting. The Special Purpose Ind AS Financial Statements are prepared to assist the ultimate holding company, 3i Infotech Limited, to comply with the requirements of Section 129(3) of the Act. As a result the Special Purpose Ind AS Financial Statements may not be suitable for any other purpose.

Our opinion on the Special Purpose Ind AS Financial Statements is not modified in respect of the above matter.

For GMJ & Co
Chartered Accountants
Firm Registration No: 103429W

S. Maheshwari
Partner
Membership No. 38755

Place: Navi Mumbai
Date: April 20, 2018

3i INFOTECH HOLDINGS PRIVATE LIMITED
BALANCE SHEET AS AT MARCH 31, 2018

(Amount in INR)

Particulars	Notes	March 31, 2018	March 31, 2017
ASSETS			
Non-Current Assets			
(a) Financial Assets			
(i) Investments	3	11,19,01,93,098	11,00,54,72,253
(ii) Loans	3	90,57,95,844	89,85,70,386
		12,09,59,88,942	**11,90,40,42,639**
Current assets			
(a) Financial Assets			
(i) Trade Receivables		-	-
(ii) Cash and Cash Equivalents	4	30,97,603	32,36,172
(iii) Other Financial Assets	3	40,69,78,038	40,69,78,038
(b) Other Current Assets	5	1,39,780	1,39,563
		41,02,15,421	**41,03,53,774**
TOTAL		**12,50,62,04,363**	**12,31,43,96,413**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	6	9,69,68,92,418	9,69,68,92,418
(b) Other Equity	7	(3,55,91,35,868)	(5,30,38,75,908)
		6,13,77,56,550	**4,39,30,16,510**
Liabilities			
Non Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	8	6,36,72,19,303	7,92,13,01,498
		6,36,72,19,303	**7,92,13,01,498**
Current Liabilities			
(b) Other Current Liabilities	9	12,28,509	78,403
		6,36,84,47,812	**7,92,13,79,901**
TOTAL		**12,50,62,04,363**	**12,31,43,96,413**

Significant Accounting Policies and Notes on Accounts form an integral part of the financial statements. **1 to 18**

As per our report of even date attached

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

S. Maheshwari
Partner
M.No.: 38755

Place : Navi Mumbai
Date : April 20,2018

For and on behalf of the board

Padmanabhan Iyer
Director
DIN: 05282942

Mrinal Ghosh
Director
DIN:07232477

Place : Navi Mumbai
Date : April 20,2018

3i INFOTECH HOLDINGS PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(Amount in INR)

Particulars	Notes	2017-18	2016-17
REVENUE			
Other income	10	8,78,27,195	49,18,32,817
Total Revenue (I)		**8,78,27,195**	**49,18,32,817**
EXPENSES			
Finance costs	11	32,65,11,735	57,50,72,620
Other expenses	12	15,98,54,105	3,35,978
Total Expenses (II)		**48,63,65,841**	**57,54,08,598**
Profit/(loss) before tax		**(39,85,38,645)**	**(8,35,75,782)**
Tax expense:			
Current tax		-	-
Adjustment of tax relating to earlier periods		-	-
Deferred tax		-	-
Profit/(loss) for the year		**(39,85,38,645)**	**(8,35,75,782)**
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(39,85,38,645)**	**(8,35,75,782)**
Earnings per share for profit attributable to equity shareholders	13		
Basic EPS		(0.06)	(0.01)
Diluted EPS		(0.06)	(0.01)

Significant Accounting Policies and Notes on Accounts form an integral part of the financial statements. **1 to 18**

As per our report of even date attached

For and on behalf of the board

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

GMJ & CO MUMBAI FRN NO. 103429W CHARTERED ACCOUNTANTS

S. Maheshwari
Partner
M.No.: 38755

Padmanabhan Iyer
Director
DIN: 05282942

Mrinal Ghosh
Director
DIN:07232477

Place : Navi Mumbai
Date : April 20,2018

Place : Navi Mumbai
Date : April 20,2018

3i INFOTECH HOLDINGS PRIVATE LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

(Amount in INR)

Particulars	Notes	2017-18	2016-17
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit/(Loss) before tax		(39,85,38,645)	(8,35,75,782)
Adjustments for:			
Renewal of Compound Financial Instrument		2,14,32,78,686	-
Effect of Foreign Currency items translation		-	8,07,14,938
Investment write down		-	(7,20,29,586)
Changes in fair value of financial assets at fair value through profit or loss		(8,78,27,195)	(41,55,85,582)
Finance costs		32,65,11,735	57,50,72,620
Net foreign exchange differences		(1,98,44,87,688)	(10,41,78,335)
(Increase)/Decrease in trade receivables		-	1,60,86,021
(Increase) in other financial assets		(72,25,457)	(3,22,234)
(Increase)/decrease in other non-current assets		(217)	2,963
Increase in other current liabilities		11,50,106	(2,31,377)
Cash generated from operations		**(71,38,675)**	**(40,46,353)**
Less: Income taxes paid		-	-
Net cash inflow from operating activities		**(71,38,675)**	**(40,46,353)**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received		70,00,107	66,17,555
Net cash outflow from investing activities		**70,00,107**	**66,17,555**
CASH FLOWS FROM FINANCING ACTIVITIES:		-	-
Net cash inflow (outflow) from financing activities		-	-
Net increase (decrease) in cash and cash equivalents		(1,38,568)	25,71,201
Cash and Cash Equivalents at the beginning of the financial year		32,36,172	6,64,971
Cash and Cash Equivalents at end of the year		**30,97,604**	**32,36,172**

Notes :

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

Significant Accounting Policies and Notes on Accounts form an integral part of the financial statements. **1 to 18**

As per our report of even date attached

For and on behalf of the board

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

GMJ & CO MUMBAI FRN NO. 103429W CHARTERED ACCOUNTANTS

S. Maheshwari
Partner
M.No.: 38755

Padmanabhan Iyer
Director
DIN: 05282942

Mrinal Ghosh
Director
DIN:07232477

Place : Navi Mumbai
Date : April 20,2018

Place : Navi Mumbai
Date : April 20,2018

3i INFOTECH HOLDINGS PRIVATE LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2018

A Equity Share Capital

(Amount in INR)

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, 2017			
Numbers	6,25,83,71,598	-	6,25,83,71,598
Amount	9,69,68,92,418	-	9,69,68,92,418
March 31, 2018			
Numbers	6,25,83,71,598	-	6,25,83,71,598
Amount	9,69,68,92,418	-	9,69,68,92,418

B Other Equity

(Amount in INR)

Particulars	Equity Component of Compound financial instruments	Retained Earnings	Total
As at April 1, 2016	7,42,61,430	(5,30,32,46,907)	(5,22,89,85,477)
Profit for the year		(8,35,75,782)	(8,35,75,782)
Other comprehensive income		-	-
Total comprehensive income for the year	7,42,61,430	(5,38,68,22,690)	(5,31,25,61,259)
Other Adjustments		(7,20,29,586)	(7,20,29,586)
Effect of Foreign Currency items translation		8,07,14,938	8,07,14,938
As at March 31, 2017	7,42,61,430	(5,37,81,37,338)	(5,30,38,75,908)
Profit for the year		(39,85,38,645)	(39,85,38,645)
Other comprehensive income		-	-
Total comprehensive income for the year	7,42,61,430	(5,77,66,75,983)	(5,70,24,14,553)
Renewal of Compound Financial Instrument	2,06,90,17,256	7,42,61,430	2,14,32,78,686
As at March 31, 2018	2,14,32,78,686	(5,70,24,14,553)	(3,55,91,35,868)

Significant Accounting Policies and Notes on Accounts form an integral part of the financial statements. 1 to 18

As per our report of even date attached

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

S. Maheshwari
Partner
M.No.: 38755

GMJ & CO. CHARTERED ACCOUNTANTS MUMBAI FRN NO. 103429W

Place : Navi Mumbai
Date : April 20,2018

For and on behalf of the board

Padmanabhan Iyer
Director
DIN: 05282942

Mrinal Ghosh
Director
DIN:07232477

Place : Navi Mumbai
Date : April 20,2018

3i INFOTECH HOLDINGS PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

1 Corporate Information

3i Infotech Holdings Private Limited (referred to as "3i" or "the Company"). The main activity is that of Investment holdings.
The Company was incorporated in the Republic of Mauritius on November 20, 2006 under the Companies Act 2001. Its registered office is 5th Floor, Ebene Esplanade, 24 Cybercity, Ebene.
The financial statements for the year ended March 31,2017 were approved by the Board of Directors and authorised for issue on April 28,2017.

2 Significant Accounting Policies

a) Statement of compliance

These financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time. These financial statements have been prepared to assist the Holding Company (3i Infotech Limited) to comply with the requirements of section 129(3) of the Companies Act, 2013.

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) Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period.

(iii) Provisions and Contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance sheet date. These are reviewed at each Balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset in neither recognised nor disclosed in the financial statements.

d) Revenue Recognition

Revenues earned by the Company are recognised on the following bases:
- Interest income - on a time-proportion basis using the effective interest method.
- Dividend income - when the shareholder's right to receive payment is established.
- Other income - as it accrues unless collectibility is in doubt.

e) 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.

f) 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

g) Income taxes

Current income taxes

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

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

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

Deferred income taxes

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

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

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.
Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.
Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

GMJ & CO
MUMBAI
FRN NO. 103429W
CHARTERED ACCOUNTANTS

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.

h) 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.

GMJ & CO. MUMBAI FRN NO. 103429W CHARTERED ACCOUNTANTS

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

- Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by- instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

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

Derecognition

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

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 43 details how the Company determines whether there has been a significant increase in credit risk.
For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iii) Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

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

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

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

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

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

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

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

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

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

GMJ & CO. MUMBAI FRN NO. 103429W CHARTERED ACCOUNTANTS

i) 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.

j) 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.

GMJ & CO MUMBAI FRN 103429W CHARTERED ACCOUNTANTS

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.

k) Trade and other payables

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

l) 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.

m) 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.

n) Contingent liabilities recognised in a business combination

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

o) 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.

p) 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.

GMJ & CO CHARTERED ACCOUNTANTS

q) **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.

r) **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.

s) **Cash Flow Statement**

Cash Flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

t) **Rounding of amounts**

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

GMJ & CO. CHARTERED ACCOUNTANTS

3i INFOTECH HOLDINGS PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

3. FINANCIAL ASSETS

(Amount in INR)

Particulars	March 31, 2018	March 31, 2017
(A) INVESTMENTS		
Non Current		
(1) Investments carried at Amortised Cost		
Unquoted		
Investments in Preference Shares of Subsidiaries		
(i) 3i Infotech Inc.		
Series B - Optionally Convertible Preferred Stock : 23,129,051 shares of USD 1 each (As at March 31,2017 -23,129,051 shares)	1,86,81,90,039	1,46,41,39,795
Series C - Optionally Convertible Preferred Stock: 66,366,925 shares of USD 1 each (*) (As at March 31,2017 -36,069,425 shares)	2,51,81,55,048	2,28,33,05,118
(ii) 3i Infotech Financial Software Inc.		
Series A - Nil Optionally Convertible Preferred Stock of of USD 1 each (*) (As at March 31,2017 - 30,297,500 shares)	-	1,91,79,24,581
	4,38,63,45,086	**5,66,53,69,494**
(2) Investments carried at Cost		
Unquoted		
Investments in Equity Instruments of wholly owned subsidiaries		
(i) 3i Infotech Inc		
Class A Shares: 101,073,595 Shares of USD 0.30 each (*) (As at March 31,2017 - 100,138,408 shares)	**9,17,12,63,917**	6,89,57,21,177
Class B Shares:1,000,000 Shares of USD 0.01 each (As at March 31,2017 - 1,00,000, shares)	**4,02,574**	4,02,574
	9,17,16,66,491	**6,89,61,23,751**
Less : Impairment loss allowance	**(2,97,37,54,528)**	(2,97,37,54,528)
	6,19,79,11,963	**3,92,23,69,223**
(ii) 3i Infotech (Middle East) FZ LLC		
46174 shares of AED 1000 each (As at March 31,2017- 46,174 shares)	**60,59,36,045**	60,59,36,045
Less : Impairment loss allowance	-	-
(iii) 3i Infotech Financial Software Inc		
Nil shares of USD 1 each (*) (As at Mar 31,2017 -280,556 shares)	-	81,17,97,487
(iv) Black Barret Holdings Limited		
1710 **Class A Shares of** 1 Euro each (As at March 31,2017 - 1,710 shares)	**1,81,43,73,461**	1,81,43,73,461
Less : Impairment loss allowance	**(1,81,43,73,461)**	(1,81,43,73,461)
138 **Class B shares** of 1 Euro each (As at March 31,2017 - 138 shares)	**13,76,97,239**	13,76,97,239
Less : Impairment loss allowance	**(13,76,97,239)**	(13,76,97,239)
(v) 3i Infotech (South Africa) Proprietary Limited		
1 shares at no par value	4	4
Total	**11,19,01,93,098**	**11,00,54,72,253**

GMJ & CO
MUMBAI
FRN No. 103429W
CHARTERED ACCOUNTANTS

3i INFOTECH HOLDINGS PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

3. FINANCIAL ASSETS

(Amount in INR)

Particulars	March 31, 2018	March 31, 2017
Aggregate amount of quoted investments	-	-
Market value of quoted investments	-	-
Aggregate amount of unquoted investments	11,19,01,93,098	11,00,54,72,253
Aggregate amount of impairment in the value of investments	(4,92,58,25,228)	(4,92,58,25,228)
Investments carried at amortised cost	**4,38,63,45,086**	**5,66,53,69,494**
Investments carried at fair value through other comprehensive income	-	-
Investments carried at fair value through profit and loss	-	-
Investments carried at cost	**6,80,38,48,012**	**5,34,01,02,759**
(B) LOANS		
Non Current		
Unsecured, considered good unless otherwise stated		
Loans to Related Parties (Refer note no. 14)	90,57,95,844	89,85,70,386
Total	**90,57,95,844**	**89,85,70,386**
(C) OTHER FINANCIAL ASSETS		
Current		
Financial assets carried at amortised cost		
Share Application Money	40,69,78,038	40,69,78,038
Total	**40,69,78,038**	**40,69,78,038**

* Series B and Series C Preference Shares issued by 3i Infotech Inc on 21-July-2012 which got matured on 21-July-2017; have been renewed with new maturity date of 24-March-2025.

Series A Preference Shares issued by 3i Infotech Financial Software Inc on 21-July-2012 which got matured on 21-July-2017; were renewed with new maturity date of 24-March-2025.

Consequent to Merger, Series A Preference Shares have been cancelled and 30,297,500 Series C Preference Shares have been issued by 3i Infotech Inc on 22-March-2018 having maturity on 24-March-2025.

Consequent to Merger, 280,556 Equity Shares of USD 1 each have been cancelled and Class A 935,187 Equity Shares of USD 0.30 each have been issued by 3i Infotech Inc.

GMJ & CO
MUMBAI
FRN No. 103429W
CHARTERED ACCOUNTANTS

3i INFOTECH HOLDINGS PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

4. CASH AND CASH EQUIVALENTS

(Amount in INR)

Particulars	March 31, 2018	March 31, 2017
Balances with banks:		
- On current account	30,97,603	32,36,172
	30,97,603	**32,36,172**

5. OTHER ASSETS

(Amount in INR)

Particulars	March 31, 2018	March 31, 2017
Current		
Others		
- Prepaid expenses	1,39,780	1,39,563
Total	**1,39,780**	**1,39,563**

6. SHARE CAPITAL

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

	Equity Share (MUR 1 Each)		Series A - Redeemable Convertible Preference Shares of MUR 1 each	
	Number	Amount	Number	Amount
At April 1, 2016	6,25,83,71,598	21,85,53,775	89,16,31,605	2,26,24,600
Increase/(decrease) during the year	-			
At March 31, 2017	6,25,83,71,598	21,85,53,775	89,16,31,605	2,26,24,600
Increase/(decrease) during the year	-			
At March 31, 2018	**6,25,83,71,598**	**21,85,53,775**	**89,16,31,605**	**2,26,24,600**

	Series C - Redeemable Convertible Preference Shares of MUR 1 each		Series D - Redeemable Convertible Preference Shares of MUR 1 each	
	Number	Amount	Number	Amount
At April 1, 2016	1,78,03,61,142	6,63,67,000	2,18,78,720	8,00,000
Increase/(decrease) during the year				-
At March 31, 2017	1,78,03,61,142	6,63,67,000	2,18,78,720	8,00,000
Increase/(decrease) during the year				
At March 31, 2018	**1,78,03,61,142**	**6,63,67,000**	**2,18,78,720**	**8,00,000**

During the year ended March 31, 2018, the authorised share capital remains unchanged.

Terms/rights attached to equity shares

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

Terms/rights attached to preference shares

The Company has three series of Redeemable Convertible Preference Shares having no par value – Series A, C and D: The preference shareholder shall have the right to apply for conversion of the preference shares into 1 ordinary share for consideration of 1 MUR each for every 1 preference share held by it, irrespective of the Series. The preference shareholder is entitled to receive premium on redemption of preference shares, as applicable to the respective series of preference shares, in case the shareholder does not exercise the right of conversion.

ii. Issued Capital

Equity Shares **(Amount in INR)**

Particulars	Number	Amount
Equity shares of MUR 1 each issued, subscribed and fully paid		
At April 1, 2016	**6,25,83,71,598**	**9,69,68,92,418**
Issued during the year	-	-
At March 31, 2017	**6,25,83,71,598**	**9,69,68,92,418**
Issued during the year	-	-
At March 31, 2018	**6,25,83,71,598**	**9,69,68,92,418**

Preference Shares **(Amount in INR)**

Particulars	Series A - Redeemable Convertible Preference Shares of MUR 1 each		Series C - Redeemable Convertible Preference Shares of MUR 1 each	
	Number	Amount	Number	Amount
At April 1, 2016	89,16,31,605	-	1,78,03,61,142	-
Issued during the year		-		-
At March 31, 2017	89,16,31,605	-	1,78,03,61,142	-
Issued during the year		-		-
At March 31, 2018	**89,16,31,605**	-	**1,78,03,61,142**	-

Particulars	Series D - Redeemable Convertible Preference Shares of MUR 1 each	
	Number	Amount
At April 1, 2016	2,18,78,720	-
Issued during the year		-
At March 31, 2017	2,18,78,720	-
Issued during the year		-
At March 31, 2018	**2,18,78,720**	-

This note covers the equity component of the issued convertible preference shares. The liability component is reflected in financial liabilities

iii. Shares held by holding/ ultimate holding company and / or their subsidiaries / associates
3i Infotech Limited is the ultimate holding company of the Company.

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

Name of the shareholder	As at March 31, 2018		As at March 31, 2017	
	Number	% holding	Number	% holding
Equity shares of MUR 1/- each fully paid				
3i Infotech Limited	6,25,83,71,598	100	6,25,83,71,598	100
Details of members holding Series A, Series C and Series D Preference shares more than 5%				
3i Infotech Limited	2,69,38,71,467	100	2,69,38,71,467	100

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

3i INFOTECH HOLDINGS PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

7. OTHER EQUITY

i. Reserves and Surplus (Amount in INR)

Particulars	March 31, 2018	March 31, 2017
Retained Earnings	(5,70,24,14,554)	(5,37,81,37,338)
	(5,70,24,14,554)	**(5,37,81,37,338)**

(a) Retained Earnings (Amount in INR)

Particulars	March 31, 2018	March 31, 2017
Opening balance	(5,37,81,37,338)	(5,30,32,46,907)
Net Profit/(Loss) for the year	(39,85,38,645)	(8,35,75,782)
Effect of Foreign Currency items translation	-	8,07,14,938
Other Adjustments	-	(7,20,29,586)
Renewal of Compound Financial Instrument	7,42,61,430	-
Closing balance	**(5,70,24,14,554)**	**(5,37,81,37,338)**

ii. Other Components of Equity (Amount in INR)

Particulars	March 31, 2018	March 31, 2017
Equity Component of Compound financial instruments	2,14,32,78,686	7,42,61,430
Total	**2,14,32,78,686**	**7,42,61,430**

8. BORROWINGS

(Amount in INR)

Particulars	March 31, 2018	March 31, 2017
Non Current Borrowings		
Unsecured		
Liability Component of Compound Financial Instruments	6,36,72,19,303	7,92,13,01,498
Total	**6,36,72,19,303**	**7,92,13,01,498**

Redeemable Convertible Preference Shares

The Company has three series of Redeemable Convertible Preference Shares having no par value – Series A, C and D. The preference shareholder shall have the right to apply for conversion of the preference shares into 1 ordinary share for consideration of 1 MUR each for every 1 preference share held by it, irrespective of the Series. The preference shareholder is entitled to receive premium on redemption of preference shares, as applicable to the respective series of preference shares, in case the shareholder does not exercise the right of conversion.

Series A, Series C and Series D Preference Shares issued to 3i Infotech Limited on 01-July-2012 got matured on 30-Jun-2017; were renewed with new maturity date of 24-March-2025.

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:

(Amount in INR)

Particulars	March 31, 2018	March 31, 2017
Face Value of Preference Share Capital	3,51,80,50,854	3,51,80,50,854
Less : Equity Component recognised	(2,14,32,78,686)	(7,42,61,430)
Interest Expense - Liability Component of compound financial instrument till date	5,02,87,16,122	4,95,08,16,018
FX Fluctuation on reinstatement	(3,62,68,986)	(47,33,03,943)
Non Current Borrowings	**6,36,72,19,303**	**7,92,13,01,498**

"Effective April1, 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statement to evaluate changes in liabilities arising from financial activities, including both charges arising from cash flows and non cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financial activities, to meet the disclosure requirement. The adoption of amendment does not have any material impact on the financial statements"

GMJ & CO. MUMBAI FRN NO. 103429W CHARTERED ACCOUNTANTS

3i INFOTECH HOLDINGS PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

9. OTHER LIABILITIES

(Amount in INR)

Particulars	March 31, 2018	March 31, 2017
Current		
Others	12,28,509	78,403
Total	**12,28,509**	**78,403**

3i INFOTECH HOLDINGS PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

10. OTHER INCOME

(Amount in INR)

Particulars	2017-18	2016-17
Interest income on		
Financial assets at amortised cost	8,08,27,088	40,89,68,027
Others	70,00,107	66,17,555
Foreign Exchange Fluctuation Gain	-	7,62,47,235
	8,78,27,195	**49,18,32,817**

11. FINANCE COST

(Amount in INR)

Particulars	2017-18	2016-17
Interest expense on debts and borrowings	32,65,11,735	57,50,72,620
	32,65,11,735	**57,50,72,620**

12. OTHER EXPENSES

(Amount in INR)

Particulars	2017-18	2016-17
Legal and professional fees	24,39,257	2,99,146
Bank charges	39,647	36,833
Foreign exchange fluctuation loss	15,73,75,201	-
	15,98,54,105	**3,35,978**

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FRN NO. 103429W
CHARTERED ACCOUNTANTS

13. EARNINGS PER SHARE

(Amount in INR)

Particulars	2017-18	2016-17
(a) Basic earnings per share	(0.06)	(0.01)
(b) Diluted earnings per share	(0.06)	(0.01)
(c) Reconciliations of earnings used in calculating earnings per share		
Basic earnings per share		
Profit attributable to the equity holders of the company used in calculating basic earnings per share		
From continuing operations	(39,85,38,645)	(8,35,75,782)
From discontinuing operations	-	-
	(39,85,38,645)	**(8,35,75,782)**
Dilluted earnings per share		
Profit from continuing operations attributable to the equity holders of the company Used in calculating basic earnings per share	(39,85,38,645)	(8,35,75,782)
Profit attributable to the equity holders of the company used in calculating dilluted earnings per share	**(39,85,38,645)**	**(8,35,75,782)**
(d) Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	**6,25,83,71,598**	**6,25,83,71,598**

GMJ & CO.
MUMBAI
FRN NO.
103429W
CHARTERED ACCOUNTANTS

3i INFOTECH HOLDINGS PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

14. RELATED PARTY TRANSACTIONS

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

Name of Related Party	Percentage of holding & Relationship	Country of Incorporation
3i Infotech Limited	Holding company	India
3i Infotech Inc.	Wholly Owned Subsidiary	USA
3i Infotech Asia Pacific Pte Limited	100% held by Holding company	Singapore
3i Infotech Financial Software Inc. (Merged with 3i Infotech Inc (USA) effective December 31, 2017)	Wholly Owned Subsidiary	USA
3i Infotech (Middle East) FZ LLC,UAE	Wholly Owned Subsidiary	UAE
Black Barret Holdings Limited, Cyprus	Wholly Owned Subsidiary	Cyprus
3i Infotech (South Africa) Proprietary Limited, South Africa	Wholly Owned Subsidiary	Republic of South Africa
3i Infotech Saudi Arabia LLC	100% held by Holding company	Saudi Arbia
3i Infotech SDN BHD, Malaysia	100% held by 3i Infotech Asia Pacific Pte Limited	Malaysia
3i Infotech (Western Europe) Holdings Limited	100% held by 3i Infotech (UK) Limited	UK
3i Infotech (Western Europe) Group Limited	100% held by 3i Infotech (Western Europe) Holdings	UK
Rhyme Systems Limited	100% held by 3i Infotech (Western Europe) Group	UK
3i Infotech BPO Limited	100% held by Holding company	India
Professional Access Software Development Private Limited	100% held by Black Barret Holdings Limited, Cyprus	India
Locuz Enterprise Solutions Limited	74% held by the Holding company	India
Locus Inc	100% held by Locuz Enterprise Solutions Limited	USA
3i Infotech Consultancy Services Limited	100% held by Holding company	India
3i Infotech (UK) Limited	100% held by Holding company	UK
3i Infotech Service SDN BHD	100% held by 3i Infotech Asia Pacific Pte Limited	Malaysia
3i infotech (Thailand) Limited	100% held by 3i Infotech Asia Pacific Pte Limited	Thailand
Elegon Infotech Limited.	100% held by Holding company	China
IFRS Cloud Solution Limited (formerly known as 3i Infotech Outsourcing Services Limited)	100% held by 3i Inc. (USA) pursuant to merger of 3i Infotech Financial Software Inc (USA) with 3i Infotech Inc (USA) effective December 31, 2017	India
3i Infotech (Africa) Limited	100% held by 3i Infotech (Middle East) FZ LLC	Kenya

Key Managerial Personnal (KMP) :

Name of Related Party	Designation
1. Mr. Padmanabhan Iyer	Director
2. Mr. Mrinal Ghosh	Director

(ii) Transactions with related parties

The following transactions occurred with related parties **(Amount in INR)**

Name	Nature of Relationship	Nature of Transaction	March 31, 2018	March 31, 2017
3i Infotech (Middle East) FZ LLC	Subsidiary Company	Interest Received	57,25,131	36,21,653
3i Infotech Inc.,USA	Subsidiary Company	Interest Received	12,74,977	13,25,977

GMJ & CO
MUMBAI
FRN NO.
103429W
CHARTERED ACCOUNTANTS

3i INFOTECH HOLDINGS PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(iv) Loans to/from related parties (Amount in INR)

Name	Nature of Relationship	Particulars	March 31, 2018	March 31, 2017
Loans to related parties				
3i Infotech Inc.,USA	Subsidiary	Beginning of the year	**3,53,29,710**	**3,47,72,002**
		Interest income recognised	12,74,977	13,25,977
		Forex Exchange Difference	63,103	(7,68,269)
		End of the year	**3,66,67,790**	**3,53,29,710**
3i Infotech (Middle East) FZ LLC	Subsidiary	Beginning of the year	**74,68,17,693**	**66,15,76,051**
		Loans returned	1,94,469	9,57,71,398
		Interest income recognised	57,25,131	36,21,653
		Forex Exchange Difference	(1,77,920)	(1,41,51,410)
		End of the year	**75,25,26,274**	**74,68,17,693**
3i Infotech Limited	Ultimate Holding company	Beginning of the year	**11,32,52,967**	**11,56,59,459**
		Loan repayments received	-	-
		Forex Exchange Difference	1,73,929	(24,06,492)
		End of the year	**11,34,26,896**	**11,32,52,967**
Black Barret Holdings Limited, Cyprus	Subsidiary	Beginning of the year	**31,70,016**	**32,37,373**
		Loans advanced	-	-
		Forex Exchange Difference	4,869	(67,357)
		End of the year	**31,74,885**	**31,70,016**

GMJ & CO. MUMBAI FRN NO. 103429W CHARTERED ACCOUNTANTS

15. FAIR VALUE MEASUREMENTS

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

Particulars	Carrying Amount		Fair Value	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
FINANCIAL ASSETS				
Amortised cost				
Investments in Preference Shares	4,38,63,45,086	5,66,53,69,494	4,38,63,45,086	5,66,53,69,494
Loans	90,57,95,844	89,85,70,386	90,57,95,844	89,85,70,386
Cash and Cash Equivalents	30,97,603	32,36,172	30,97,603	32,36,172
Other Financial Assets	40,69,78,038	40,69,78,038	40,69,78,038	40,69,78,038
Cost				
Investment in Equity Instruments	6,80,38,48,012	5,34,01,02,759	6,80,38,48,012	5,34,01,02,759
Total	**12,50,60,64,583**	**12,31,42,56,850**	**12,50,60,64,583**	**12,31,42,56,850**

FINANCIAL LIABILITIES				
Amortised cost				
Borrowings	12,73,44,38,605	15,84,26,02,996	12,73,44,38,605	15,84,26,02,996
Total	**12,73,44,38,605**	**15,84,26,02,996**	**12,73,44,38,605**	**15,84,26,02,996**

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

The fair values for loans 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.

iii. Valuation technique used to determine fair value

Specific Valuation techniques used to value financial instruments include:

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

All the resulting fair value estimates are included in level 2 except for unlisted equity securities, contingent consideration and indemnification assets, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

GMJ & CO. MUMBAI FRN NO. 103429W CHARTERED ACCOUNTANTS

16. FINANCIAL RISK MANAGEMENT

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

i. Market Risk

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

(a) Foreign currency exchange rate risk

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

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

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

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

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

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

The following table set forth information relating to foreign currency exposure as at March 31,2018:

(Amount in INR)

Particulars	USD	GBP	AED	Total
Total financial assets	14,19,71,22,012	-	82,38,30,696	**15,02,09,52,708**
Total financial liabilities	6,36,73,49,823	-	-	**6,36,73,49,823**

1% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease /increase in the Company 's profit before tax by approximately INR 86,536,029 for the year ended March 31,2018.

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

(Amount in INR)

Particulars	USD	GBP	AED	Total
Total financial assets	13,96,78,08,528	-	81,80,12,661	**14,78,58,21,189**
Total financial liabilities	7,92,13,01,499	-	-	**7,92,13,01,499**

1% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease /increase in the Company 's profit before tax by approximately INR 68,645,197 for the year ended March 31,2017.

(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.

GMJ & CO. MUMBAI FRN NO. 103429W CHARTERED ACCOUNTANTS

(ii) 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 31,2018 (Amount in INR)

Particulars	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5 year	Total
Non-derivative financial liabilities :					-
Trade and other payables	12,28,509	-	-	-	12,28,509
Borrowings	-	-	-	6,36,72,19,303	6,36,72,19,303
					-
Total	**12,28,509**	**-**	**-**	**6,36,72,19,303**	**6,36,84,47,812**

March 31,2017 (Amount in INR)

Particulars	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5 year	Total
Non-derivative financial liabilities :					-
Trade and other payables	78,403	-	-	-	78,403
Borrowings	-	-	-	7,92,13,01,498	7,92,13,01,498
					-
Total	**78,403**	**-**	**-**	**7,92,13,01,498**	**7,92,13,79,901**

3i INFOTECH HOLDINGS PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

17. CAPITAL MANAGEMENT

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

The Company is a wholly owned subsidairy of 3i infotech Limited, India (being Ultimate Holding Company). The primary objective of the Ultimate Parent Company's capital management is to maximise its shareholder value . The Ultimate Parent 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 ultimate holding company may adjust the dividend payments, return capital to shareholders or issue new shares. The Company is not exposed to any externally imposed capital requirement. No changes were made in the objective or policies during the year March 31, 2018 and March 31, 2017.

(Amount in INR)

Particulars	**March 31, 2018**	**March 31, 2017**
Other payables	12,28,509	78,403
Net Debt	**12,28,509**	**78,403**
Equity Share Capital	9,69,68,92,418	9,69,68,92,418
Other Equity	(3,55,91,35,868)	(5,30,38,75,908)
Total Capital	**6,13,77,56,550**	**4,39,30,16,509**
Capital and net debt	**6,13,89,85,059**	**4,39,30,94,913**
Gearing ratio	**0.02**	**0.00**

GMJ & CO. MUMBAI FRN NO. 103429W CHARTERED ACCOUNTANTS

3i INFOTECH HOLDINGS PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

18. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The following table presents the recognised financial instruments that are offset and other agreements but not offset, as at March 31, 2018 and March 31, 2017. The column 'net amount' shows the impact on the company's balance sheet if all set-off rights were exercised.

(Amount in INR)

	Effects of offsetting on the balance sheet			Related amounts not offset	
Particulars	**Gross amount**	**Gross amounts set off in the balance sheet**	**Net amount presented in the balance sheet**	**Financial instruments collateral**	**Net amount**
March 31, 2018					
Financial assets					
Cash and cash equivalents	30,97,603	-	**30,97,603**	-	**30,97,603**
Trade receivables	-	-	-	-	-
Other financial assets	40,69,78,038	-	**40,69,78,038**	-	**40,69,78,038**
Total	41,00,75,641	-	**41,00,75,641**	-	41,00,75,641
Financial liabilities					
Borrowings	6,36,72,19,303	-	**6,36,72,19,303**	-	**6,36,72,19,303**
Total	6,36,72,19,303	-	**6,36,72,19,303**	-	6,36,72,19,303
March 31, 2017					
Financial assets					
Cash and cash equivalents	32,36,172	-	**32,36,172**	-	**32,36,172**
Trade receivables	-	-	-	-	-
Other financial assets	40,69,78,038	-	**40,69,78,038**	-	**40,69,78,038**
Total	41,02,14,210	-	**41,02,14,210**	-	41,02,14,210
Financial liabilities					
Borrowings	7,92,13,01,498	-	**7,92,13,01,498**	-	**7,92,13,01,498**
Total	7,92,13,01,498	-	**7,92,13,01,498**	-	7,92,13,01,498

For and on behalf of the board

Padmanabhan Iyer
Director
DIN: 05282942

Mrinal Ghosh
Director
DIN:07232477

Place : Navi Mumbai
Date : April 20,2018