3i INFOTECH INC

FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31,2018

Independent Auditors' Report

To the Board of Directors
3i INFOTECH INC

Report on the Special Purpose Ind AS Financial Statements

We have audited the accompanying Special Purpose Ind AS Financial Statements of **3i INFOTECH INC** ("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 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.

Emphasis of Matter

As stated in Note 2 (v) to the Special Purpose Ind AS Financial Statements, the Company has reported a loss for the current year and its net worth as at March 31, 2018 is negative. The financial statements of the company has however, been prepared on a going concern basis, in view of expected continuous support of the lenders to the Holding Company and also meeting its financial obligation as per the projected operational performance in terms of the Debt Restructuring Scheme (DRS) approved in April, 2016 and it's continued management and financial support to the company.

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

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.

Other Matter

Corresponding figures for the year ended March 31, 2017 have been audited by another auditor who expressed unmodified opinion dated April 28, 2017 on the Ind AS Financial Statements of the company for the year ended March 31, 2017.

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

sd/-
S. Maheshwari
Partner
Membership No. 38755

Place: Mumbai
Date: April 20, 2018

3i INFOTECH INC
BALANCE SHEET AS AT MARCH 31, 2018

(Amount in INR)

Particulars	Notes	Mar 31, 2018	March 31, 2017
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	3	2,999,277	7,283,208
(b) Other Intangible Assets	4	437,430	80,766
(c) Financial Assets			
(i) Investments	5	500,007	-
(ii) Other Financial Assets	5	1,944,690	1,974,069
		5,881,404	**9,338,043**
Current assets			
(a) Financial Assets			
(i) Trade Receivables	6	356,189,674	368,920,803
(ii) Cash and Cash Equivalents	7	9,989,030	61,440,104
(iii) Other Financial Assets	5	267,929,787	233,180,561
(b) Other Current Assets	8	8,916,534,814	8,910,770,167
		9,550,643,304	**9,574,311,634**
TOTAL		**9,556,524,708**	**9,583,649,677**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	10	1,301,757,383	1,289,201,737
(b) Other Equity	11	(2,882,877,719)	(3,409,491,263)
		(1,581,120,336)	**(2,120,289,527)**
Liabilities			
Non Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	12	6,525,382,519	5,580,680,526
(ii) Other Financial Liabilities	13	363,009	8,452,897
(b) Provisions	16		-
		6,525,745,528	**5,589,133,423**
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	12	169,719,579	161,808,900
(ii) Trade Payables	14		
Others		3,727,237,658	5,270,133,730
(iii) Other Financial Liabilities	13	676,105,159	669,702,509
(b) Other Current Liabilities	15	33,945,381	9,515,062
(c) Provisions	16	1,473,103	1,346,574
(d) Current Tax Liabilities (Net)		3,418,637	2,299,005
		4,611,899,517	**6,114,805,781**
TOTAL		**9,556,524,708**	**9,583,649,677**

Significant Accounting Policies and Notes forming part of the Financial Statements — 1 to 36

As per our report of even date attached

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

sd/-
S. Maheshwari
Partner

For and on behalf of the board

sd/-
Padmanabhan Iyer
M.D and Global CEO

sd/-
Mrinal Ghosh
Director

sd/-
S. Ram Sankar
CFO

3i INFOTECH INC

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(Amount in INR)

Particulars	Notes	2017-18	2016-17
REVENUE			
Revenue from operations (net)	17	2,843,592,261	3,148,597,646
Other income	18	1,110,177	67,811,358
Total Revenue (I)		**2,844,702,438**	**3,216,409,003**
EXPENSES			
Employee benefits expense	20	2,107,490,273	2,357,188,164
Cost of third party products and services	19	477,316,978	506,135,920
Finance costs	21	262,863,763	416,991,219
Depreciation and amortization expense	22	4,579,630	45,745,974
Other expenses	23	1,025,582,029	240,823,298
Total Expenses (II)		**3,877,832,674**	**3,566,884,575**
Profit/(loss) before exceptional items and tax from continuing operations (I-II)		**(1,033,130,236)**	**(350,475,571)**
Exceptional Items		-	-
Profit/(loss) before tax from continuing operations		**(1,033,130,236)**	**(350,475,571)**
Tax expense:			
Current tax		3,717,912	11,955,246
Adjustment of tax relating to earlier periods		-	-
Deferred tax		-	-
Profit/(loss) for the period from continuing operations		**(1,036,848,148)**	**(362,430,817)**
Profit/(loss) for the period		**(1,036,848,148)**	**(362,430,817)**
OTHER COMPREHENSIVE INCOME			
A. Other Comprehensive income not to be reclassified to profit and loss in subsequent periods:		-	-
B. Other Comprehensive income to be reclassified to profit and loss in subsequent periods:		-	-
Other Comprehensive income for the year, net of tax		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**(1,036,848,148)**	**(362,430,817)**
Earnings per share for profit from continuing operations attributable to equity shareholders	24		
Basic EPS		(10.16)	(3.58)
Diluted EPS		(10.16)	(3.58)

Significant Accounting Policies and Notes forming part of the Financial Statements — 1 to 36

As per our report of even date attached

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

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S. Maheshwari
Partner

For and on behalf of the board

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Padmanabhan Iyer
M.D and Global CEO

sd/-
Mrinal Ghoash
Director

sd/-
S. Ram Sankar
CFO

3i INFOTECH INC
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		(1,033,130,236)	(350,475,571)
Adjustments for:			
Depreciation and amortisation expense		4,579,630	45,745,974
Interest income classified as investing cash flows		(5,063)	(9,789)
Finance costs		262,863,763	416,991,219
Net foreign exchange differences		2,269,400,119	(130,484,880)
Change in operating assets and liabilities:			
(Increase)/Decrease in trade receivables		12,867,675	74,240,167
Increase/(decrease) in trade payables		(1,548,499,388)	(149,464,663)
(Increase) Decrease in other financial assets		(34,749,226)	20,542,775
(Increase)/decrease in other non-current assets		(459,455)	8,898
(Increase)/decrease in other current assets		(5,745,244)	203,184,172
Increase/(decrease) in provisions		126,528	316,423
Increase in other current liabilities		24,080,692	3,659,899
Cash generated from operations		**(48,670,204)**	**134,254,624**
Less: Income taxes paid		2,598,280	16,795,031
Net cash inflow from operating activities		**(51,268,484)**	**117,459,593**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for property, plant and equipment		(189,445)	(292,147)
Intangible asset under development		-	(21,777,195)
Interest received		5,063	9,789
Net cash outflow from investing activities		**(184,382)**	**(22,059,553)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		29,664,200	1,937,046,704
Repayment of borrowings		(29,546,000)	(2,039,633,404)
Interest paid		(116,408)	(11,585,795)
Net cash inflow (outflow) from financing activities		**1,792**	**(114,172,495)**
Net increase (decrease) in cash and cash equivalents		(51,451,075)	(18,772,456)
Cash and Cash Equivalents at the beginning of the financial year		61,440,104	80,212,560
Cash and Cash Equivalents at end of the year		**9,989,029**	**61,440,104**

3i INFOTECH INC
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

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		9,989,030	61,440,104
Balances per statement of cash flows		**9,989,030**	**61,440,104**
Significant Accounting Policies and Notes forming part of the Financial Statements	1 to 36		

As per our report of even date attached
For GMJ & CO
Chartered Accountants
F.R.No. 103429W

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

For and on behalf of the board

sd/-
Padmanabhan Iyer
Managing Director and Global CEO

sd/-
Mrinal Ghosh
Director

sd/-
S. Ram Sankar
CFO

3i INFOTECH INC

STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2018

Equity Share Capital

(Amount in INR)

Particulars	Balance at the Beginning of the year	Changes in Equity share capital during the year	Balance at the end of the year
March 31, 2017			
Numbers	**101,138,406**	**-**	**101,138,406**
Amount	**1,289,201,737**	**-**	**1,289,201,737**
March 31, 2018			
Numbers	**101,138,406**	**935,187**	**102,073,593**
Amount	**1,289,201,737**	**12,555,646**	**1,301,757,383**

Other Equity

(Amount in INR)

Particulars	Equity Component of Compound financial instruments	Reserves and Surplus: Securities Premium Reserve	Reserves and Surplus: Retained Earnings	Total
As at March 31, 2016	**54,807,162**	**2,518,334,654**	**(5,616,758,660)**	**(3,043,616,843)**
Profit for the period			(362,430,817)	**(362,430,817)**
Total comprehensive income for the year	54,807,162	2,518,334,654	(5,979,189,477)	(3,406,047,661)
Effect of Foreign Currency items translation	286,104		(3,729,707)	(3,443,603)
As at March 31, 2017	**55,093,266**	**2,518,334,654**	**(5,982,919,184)**	**(3,409,491,263)**
Profit for the period			(1,036,848,148)	**(1,036,848,148)**
Total comprehensive income for the year	55,093,266	2,518,334,654	(7,019,767,332)	(4,446,339,411)
Renewal of Compound Financial Instrument	1,337,413,810		73,023,373	1,410,437,183
Effect of merger of 3i Financial Software Inc (3i FSS)	404,635,450	465,939,919	(717,550,860)	153,024,508
As at March 31, 2018	**1,797,142,526**	**2,984,274,573**	**(7,664,294,819)**	**(2,882,877,720)**

Significant Accounting Policies and Notes forming part of the Financial Statements 1 to 36

As per our report of even date attached
For GMJ & CO
Chartered Accountants
F.R.No. 103429W

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

For and on behalf of the board

sd/-
Padmanabhan Iyer
M.D and Global CEO

sd/-
Mrinal Ghosh
Director

sd/-
Ram Sankar
CFO

3i INFOTECH INC
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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 31,2018 were approved by the Board of Directors and authorised for issue on April 22,2018.

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) 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 are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance sheet date. These are reviewed at each Balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset in neither recognised nor disclosed in the financial statements.

d) Revenue Recognition

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

(i) Revenue from IT solutions

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

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

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

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

(ii) Revenue from Transaction Services:

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

e) Interest / Dividend Income

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

f) Leases

(i) Finance lease

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

(ii) Operating lease

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

g) Cost recognition

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

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

h) Foreign currency

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

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

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

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

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

i) Income taxes

Current income taxes

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

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

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

Deferred income taxes

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

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

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

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

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

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.

- 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.

Derecognition

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

(iv) Reclassification of financial assets

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

(v) Offsetting of financial instruments

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

k) 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.

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.

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.

(iv) Research and development

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

Amortisation methods and periods

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

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

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.

p) Trade and other payables

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

q) 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.

r) Provisions

General

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

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

s) 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.

t) 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.

(u) 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.

v) Going concern assumption

The Company has reported a loss for the current year and its net worth as at March 31, 2018 is negative. 3i Infotech Limited, the Ultimate Holding Company continues to be committed to provide the financial support to the Company and is in process of evaluating various options/alternatives for revival/restructuring of the Company. Hence, these financial statements of the Company have been prepared on going concern basis.

w) 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, 2018

3. PROPERTY, PLANT AND EQUIPMENT

(Amount in INR)

Particulars	Furniture and Fixtures	Office Equipments	Computers	Leasehold Improvements	Total
GROSS CARRYING VALUE					
As at April 1, 2016	9,357,052	1,624,066	4,815,244	2,453,970	18,250,332
Additions	-	46,832	245,315	-	292,147
Disposals	-	-	-	-	-
As at March 31, 2017	**9,357,052**	**1,670,898**	**5,060,558**	**2,453,970**	**18,542,479**
Additions	-	16,767	159,762	-	176,530
Disposals	-	-	-	-	-
Effect of merger of 3i Financial Software Inc (3i FSS)	-	-	241,160	-	241,160
As at March 31, 2018	**9,357,052**	**1,687,666**	**5,461,480**	**2,453,970**	**18,960,169**
ACCUMULATED DEPRECIATION/IMPAIRMENT					
As at April 1, 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
Impairment Loss for the year					-
Deductions\Adjustments during the period	-	-	60,917	-	60,917
As at March 31, 2017	**5,717,914**	**1,082,394**	**2,623,990**	**1,834,973**	**11,259,271**
Depreciation for the year	2,783,190	351,076	1,044,306	294,892	4,473,463
Impairment Loss for the year					-
Effect of merger of 3i Financial Software Inc (3i FSS)	-	-	228,157	-	228,157
Deductions\Adjustments during the period	-	-	-	-	-
As at March 31, 2018	**8,501,104**	**1,433,470**	**3,896,454**	**2,129,865**	**15,960,892**
Net Carrying value as at March 31, 2018	**855,948**	**254,196**	**1,565,027**	**324,106**	**2,999,277**
Net Carrying value as at April 1, 2017	**3,639,138**	**588,505**	**2,436,568**	**618,998**	**7,283,208**

3i INFOTECH INC
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

4. INTANGIBLE ASSETS

(Amount in INR)

Particulars	Goodwill	Computer Software	Business & Commercial Rights	Total
GROSS CARRYING VALUE				
As at April 1, 2016	1,040,420,051	975,602	218,252,447	219,228,049
Additions	-	-	21,777,195	21,777,195
Deletions	-	-	-	-
Other Adjustments	-	-	-	-
As at March 31, 2017	**1,040,420,051**	**975,602**	**240,029,642**	**241,005,244**
Additions	-	-	-	-
Deletions	-	-	-	-
Effect of merger of 3i Financial Software Inc (3i FSS)	377,105,858	607,665,750		984,771,609
Other Adjustments	-	-	-	-
As at March 31, 2018	**1,417,525,909**	**608,641,353**	**240,029,642**	**1,225,776,853**
ACCUMULATED AMORTISATION AND IMPAIRMENT				
As at April 1, 2016	1,040,420,051	735,054	199,694,683	1,240,849,789
Amortisation for the year	-	159,782	40,334,959	40,494,740
Impairment				-
Deductions\Adjustments during the period	-	-	-	-
As at March 31, 2017	**1,040,420,051**	**894,836**	**240,029,642**	**240,924,478**
Amortisation for the year	-	106,166	-	106,166
Impairment				-
Effect of merger of 3i Financial Software Inc (3i FSS)	377,105,858	607,202,920	-	984,308,779
Deductions\Adjustments during the period	-	-	-	-
As at March 31, 2018	**1,417,525,909**	**608,203,922**	**240,029,642**	**1,225,339,422**
Net Carrying value as at March 31, 2018	**-**	**437,430**	**-**	**437,430**
Net Carrying value as at April 1, 2017	**-**	**80,767**	**-**	**80,767**

5. FINANCIAL ASSETS

(Amount in INR)

Particulars	Mar 31, 2018	March 31, 2017
(A) INVESTMENTS		
(1) Investments carried at Cost		
Unquoted		
Other Subsidiaries		
49994 Equity shares of 3i Infotech Outsourcing Service Limited at Rs 10 each - Fully Paid up	500,007	-
Total	**500,007**	**-**
(B) OTHER FINANCIAL ASSETS		
Non Current		
Financial assets carried at amortised cost		
Security Deposits	1,944,690	1,974,069
Total	**1,944,690**	**1,974,069**
Current		
Financial assets carried at amortised cost		
Unbilled Revenue*	267,929,787	233,180,561
Total	**267,929,787**	**233,180,561**

* Includes Unbilled Revenue from Related Parties

6. TRADE RECEIVABLES

Particulars	Mar 31, 2018	March 31, 2017
Current		
Trade Receivables from customers	355,631,489	362,679,874
Receivables from other related parties	558,184	6,240,928
	356,189,674	**368,920,803**
Breakup of Security details		
Unsecured, considered good	356,189,674	368,920,803
Doubtful	29,456,767	20,141,420
	385,646,440	**389,062,223**
Impairment Allowance (allowance for bad and doubtful debts)		
Unsecured, considered good		-
Doubtful	29,456,767	20,141,420
	29,456,767	**20,141,420**
	356,189,674	**368,920,803**

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)

7. CASH AND CASH EQUIVALENTS

Particulars	Mar 31, 2018	March 31, 2017
Balances with banks:		
- On current accounts	9,989,030	61,440,104
Cash on hand	-	-
	9,989,030	**61,440,104**

8. OTHER ASSETS

Particulars	Mar 31, 2018	March 31, 2017
Current		
Advances other than Capital advances		
- Advances to Related Parties	8,898,466,331	8,884,815,864
- Advances to creditors	2,708,435	1,294,471
- Other Advances	4,888,993	18,732,647
Others		
- Prepaid expenses	10,471,055	5,927,184
Total	**8,916,534,814**	**8,910,770,167**

9. INCOME TAX

Major Components of income tax expense for the years ended March 31, 2018 and March 31, 2017 are as follows:

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

Particulars	2017-18	2016-17
Current income tax charge	3,717,912	11,955,246
Income tax expense recognised in profit or loss	**3,717,912**	**11,955,246**

Reconciliation of tax expense and accounting profit multiplied by income tax rate for March 31, 2018 and March 31, 2017

Particulars	2017-18	2016-17
Profit before tax from continuing operations	(1,033,130,236)	(350,475,571)
	-	-
Accounting profit before income tax	**(1,033,130,236)**	**(350,475,571)**
Enacted tax rate in India	34.61%	34.61%
Income tax on accounting profits	(357,545,712)	(121,292,586)
Effect of		
Translation effect	276,884,221	(23,464,369)
Utilisation of previously unrecognised tax losses	(487,435)	(1,770,531)
Depreciation	(262,160)	(1,277,051)
Accounting expenses not deductible for tax purpose	34,413,645	203,635,846
Expenditure allowable on payment basis	(280,702)	(771,225)
Difference in Tax Rates	50,996,055	(43,104,837)
Tax at effective income tax rate	**3,717,912**	**11,955,246**

10. SHARE CAPITAL

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

	Equity Share (Class A) (USD 0.30 Each)		Equity Share (Class B) (USD 0.01 Each)	
	Number	Amount	Number	Amount
At April 1, 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**
Increase/(decrease) during the year	935,187	280,556	-	-
At March 31, 2018	**101,135,187**	**30,340,556**	**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, 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**
Increase/(decrease) during the year	-	-	-	-
At March 31, 2018	**21,000,000**	**21,000,000**	**29,000,000**	**29,000,000**

	Optionally Convertible Preferred Stock (Class	
	Number	Amount
At April 1, 2016	37,000,000	37,000,000
Increase/(decrease) during the year		-
At March 31, 2017	**37,000,000**	**37,000,000**
Increase/(decrease) during the year		
At March 31, 2018	**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

Class B Preference Shares of face value of USD 1 each are redeemable on March 24, 2025

Class C Preference Shares of face value of USD 1 each are redeemable on March 24, 2025

ii. Issued Capital
Equity Shares

	Number	Amount	Number	Amount
Equity shares of INR 10 each issued, subscribed and fully paid				
At April 1, 2016	**100,138,406**	**1,288,754,210**	**1,000,000**	447,527
Issued during the period				
At March 31, 2017	**100,138,406**	**1,288,754,210**	**1,000,000**	**447,527**
Issued during the period				
Shares pursuant to Merger	935,187	12,555,646	-	-
At March 31, 2018	**101,073,593**	**1,301,309,856**	**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, 2016	23,129,051	-	36,069,425	-
Issued during the period	-	-	-	-
At March 31, 2017	**23,129,051**	-	**36,069,425**	-
Issued during the period	-	-	30,297,500	-
At March 31, 2018	**23,129,051**	**-**	**66,366,925**	**-**

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

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

The entire share capital is held by 3i Infotech Holdings Private Limited (Mauritius).

3i INFOTECH INC
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

11. OTHER EQUITY

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

Particulars	Mar 31, 2018	March 31, 2017
Securities Premium Reserve	2,984,274,573	2,518,334,654
Retained Earnings	(7,664,294,819)	(5,982,919,184)
	(4,680,020,246)	**(3,464,584,530)**

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

Particulars	Mar 31, 2018	March 31, 2017
Opening balance	2,518,334,654	2,518,334,654
Add/(Less):	465,939,919	-
Closing balance	**2,984,274,573**	**2,518,334,654**

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

Particulars	Mar 31, 2018	March 31, 2017
Opening balance	(5,982,919,184)	(5,616,758,660)
Net Profit/(Loss) for the year	(1,036,848,148)	(362,430,817)
Add/(Less):		
Effect of merger of 3i Financial Software Inc (3i FSS)	(717,550,860)	-
Renewal of Compound Financial Instrument	73,023,373	-
Effect of Foreign Currency items translation	-	(3,729,707)
Closing balance	**(7,664,294,819)**	**(5,982,919,184)**

ii. Other Components of Equity **(Amount in INR)**

Particulars	Mar 31, 2018	March 31, 2017
Equity Component of Compound financial instruments	1,797,142,526	55,093,266
Total	**1,797,142,526**	**55,093,266**

3i INFOTECH INC
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

12. BORROWINGS

(Amount in INR)

Particulars	Mar 31, 2018	March 31, 2017
Non Current Borrowings		
Unsecured		
(a) Loans from Related Parties	307,585,135	307,113,292
(b) Liability Component of Compound Financial Instruments	6,217,797,384	5,273,567,234
Total	**6,525,382,519**	**5,580,680,526**
Current Borrowings		
Secured		
Loans repayable on demand		
From Banks	169,719,579	161,808,900
Total	**169,719,579**	**161,808,900**

3i INFOTECH INC

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

Particulars	Maturity Date	Terms of Repayment	Coupon / Interest Rate	March 31, 2018	March 31, 2017
					(Amount in INR)
Non Current Borrowings					
Unsecured					
(a) Loans from Related Parties				**307,585,135**	**307,113,292**
3i APAC - Singapore	December 16, 2017		Libor + 7%	178,263,250	177,989,790
3i APAC - Malaysia	April 4, 2018		Libor + 7%	97,234,500	97,085,340
3i Holdings Pvt. Ltd	November 11, 2017		4%	32,087,385	32,038,162
Unsecured					
Liability Component of Compound Financial Instruments				6,217,797,384	5,273,567,234
Gross Non Current Borrowings				**6,525,382,519**	**5,580,680,526**
Less: Current maturity				-	-
Net Non Current Borrowings (as per Balance sheet)				**6,525,382,519**	**5,580,680,526**

Convertible Preference Shares

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 Series C Preference Shares have been issued by 3i Infotech Inc on 22-March-2018 having maturity on 24-March-2025.

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 shares issued	3,959,631,640	2,744,936,272
Equity component of Preference Share Capital	(2,063,182,752)	(55,093,266)
Foreign Exchange loss/(Gain) till reporting date	(844,073)	(117,003,795)
Interest expense	4,322,192,568	2,700,728,024
Non Current Borrowings	**6,217,797,384**	**5,273,567,234**

Particulars	Maturity Date	Terms of Repayment	Coupon / Interest Rate	March 31, 2018	March 31, 2017
Current Borrowings					
Secured					
Loans repayable on demand					
From Banks	September 30, 2018	Cash Credit	6%	**169,719,579**	**161,808,900**

Net debt Reconciliation

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.

13. OTHER FINANCIAL LIABILITIES

(Amount in INR)

Particulars	Mar 31, 2018	March 31, 2017
Non Current		
Financial Liabilities at amortised cost		
Retention Payable	363,009	8,452,897
Total	**363,009**	**8,452,897**
Current		
Financial Liabilities at amortised cost	21,031,923	16,940,053
Interest accrued and due on borrowings	801,072	-
Interest accrued but not due on borrowings	162,337,320	136,104,748
Application money received for allotment of securities to the extent refundable and interest accrued thereon	356,105,750	356,105,750
Dues to employees	135,829,094	160,551,958
	676,105,159	**669,702,509**
Total	**676,105,159**	**669,702,509**

14. TRADE PAYABLES

(Amount in INR)

Particulars	Mar 31, 2018	March 31, 2017
Current		
Trade Payables to Micro, Small and Medium Enterprises	-	-
Trade Payables to Related Parties	3,604,493,018	5,210,530,182
Trade Payables to Others	122,744,640	59,603,548
Total	**3,727,237,658**	**5,270,133,730**

15. OTHER LIABILITIES

(Amount in INR)

Particulars	Mar 31, 2018	March 31, 2017
Current		
Unearned Revenue	29,859,946	7,681,848
Others		
Statutory Liabilities	4,085,435	1,833,215
Total	**33,945,381**	**9,515,062**

16. PROVISIONS

(Amount in INR)

Particulars	Mar 31, 2018	March 31, 2017
Current		
Onerous Operating lease	1,473,103	1,346,574
Total	**1,473,103**	**1,346,574**

3i INFOTECH INC
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

17. REVENUE FROM OPERATIONS

(Amount in INR)

Particulars	2017-18	2016-17
Sale of services		
IT Solutions	2,843,592,261	3,148,597,646
	2,843,592,261	**3,148,597,646**

18. OTHER INCOME

(Amount in INR)

Particulars	2017-18	2016-17
Interest income	5,063	9,789
Foreign Exchange Fluctuation Gain	-	67,799,996
Miscellaneous Income	1,105,114	1,573
	1,110,177	**67,811,358**

19. COST OF THIRD PARTY PRODUCTS AND SERVICES

(Amount in INR)

Particulars	2017-18	2016-17
Cost of third party products / outsourced services	477,316,978	506,135,920
	477,316,978	**506,135,920**

20. EMPLOYEE BENEFIT EXPENSES

(Amount in INR)

Particulars	2017-18	2016-17
Salaries, wages and bonus	2,096,369,395	2,350,825,216
Contribution to provident and other funds	2,991,892	466,842
Staff welfare expenses	320,491	418,648
Recruitment and training expenses	7,808,495	5,477,459
	2,107,490,273	**2,357,188,164**

21. FINANCE COST

(Amount in INR)

Particulars	2017-18	2016-17
Interest expense on debts and borrowings	34,142,359	36,306,360
Interest on Compound Financial Instruments	228,721,405	380,684,859
	262,863,763	**416,991,219**

22. DEPRECIATION AND AMORTISATION EXPENSE

(Amount in INR)

Particulars	2017-18	2016-17
Depreciation on tangible assets	4,473,463	5,251,234
Amortisation on intangible assets	106,166	40,494,740
	4,579,630	**45,745,974**

23. OTHER EXPENSES

(Amount in INR)

Particulars	2017-18	2016-17
Electricity power, fuel and water	1,967,389	2,019,292
Repairs and maintenance		
Building	1,117,324	84,712
Others	2,014,102	2,688,297
Advertisement	177,080	326,632
Payments to auditors (Refer note below)	7,382,632	7,145,541
Bad Debts written off	2,195,214	20,237,484
Insurance	16,033,720	9,311,944
Legal and professional fees	66,390,602	73,580,322
Rates and taxes	4,505,752	4,325,901
Lease Rental Charges	11,510,454	10,935,191
Sales promotion expenses	6,694,963	2,161,317
Security charges	119,368	173,119
Telephone and internet expenses	3,582,022	4,469,564
Travelling & conveyance expenses	32,617,307	36,161,309
Allowance for doubtful debts	7,949,701	77,755
Bank charges	3,628,642	3,484,666
Printing and stationery	655,736	962,172
Office Expenses	3,119,616	2,257,906
Foreign exchange fluctuation loss	798,650,094	-
Miscellaneous expenses	55,270,311	60,420,175
	1,025,582,029	**240,823,298**

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

	2017-18	2016-17
As auditor		
Audit Fee	1,287,856	1,339,370
Tax audit fee	3,863,567	4,018,111
In other capacity		
Taxation matters	1,332,930	1,285,796
Other services (certification fees)	898,279	502,264
	7,382,632	**7,145,541**

3i INFOTECH INC
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

24. EARNINGS PER SHARE

(Amount in INR)

Particulars	March 31, 2018	March 31, 2017
(a) Basic earnings per share	(10.16)	(3.58)
(b) Diluted earnings per share	(10.16)	(3.58)
(c) Reconciliations of earnings used in calculating earnings per share		
Basic earnings per share		
Profit attributable to the equity holders of the company used in calculating basic earnings per share	(1,036,848,148)	(362,430,823)
Diluted earnings per share		
Profit attributable to the equity holders of the company used in calculating basic earnings per share	(808,126,743)	18,254,035
(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	102,073,593	101,138,406
Adjustments for calculation of Diluted earnings per share:		
Options		-
Convertible Bonds		-
Convertible Preference shares	89,495,976	59,198,476
Weighted average number of equity shares used as the denominator in calculating Diluted earnings per share	**191,569,569**	**160,336,882**

3i INFOTECH INC
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

25. RELATED PARTY TRANSACTIONS

(i) List of related parties as per the requirements of Ind-AS - 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 (Western Europe) Holdings Limited	Fellow Subsidiary	UK
3i Infotech (Western Europe) Group Limited	Fellow Subsidiary	UK
Rhyme Systems Limited	Fellow Subsidiary	UK
3i Infotech Holdings Private Limited	Holding Company	Mauritius
3i Infotech Financial Software Inc. (Merged since December 31, 2017)	Fellow Subsidiary (upto December 31, 2017)	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
Locuz Enterprise Solutions Limited	Fellow Subsidiary	India
Elegon Infotech Limited	Fellow Subsidiary	China
IFRS Cloud Solutions Limited (formerly known as 3i Infotech Outsourcing Services Limited)	Fellow Subsidiary	India
3i Infotech (South Africa) (Pty) Limited	Fellow Subsidiary	Republic of South Africa
Locuz Inc.	Fellow Subsidiary	USA

Key Managerial Personnal (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

(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
Locuz Inc	Fellow Subsidiary	Expenses incurred on behalf of Locuz	10,375,219	8,354,691
3i Infotech BPO Ltd	Fellow Subsidiary	Offshore services	1,172,455	1,173,414
3i Factoring Soln	Fellow Subsidiary	cost of third party serv	35,856,912	49,161,029
3i Holding Pvt Ltd	Holding Company	Interest on Loan	1,274,976	1,325,975
3i Infotech Ltd	Main Parent Company	Offshore services	269,107,473	357,762,974
3i Infotech APAC Loan & Interest	Fellow Subsidiary	Interest on Loan	24,575,773	24,281,364
3i Infotech - UK	Fellow Subsidiary	Expenses incurred on b	148,916	556,385

(iii) Outstanding balances arising from sales/purchases of goods and services **(Amount in INR)**

Name	Nature of Relationship	March 31, 2018	March 31, 2017
Trade Receivables			
Locuz Inc	Fellow Subsidiary	169,535	5,703,195
3i Infotech - UK	Fellow Subsidiary	388,649	537,734
Trade Payables			
3i Infotech BPO Ltd	Fellow Subsidiary	-	(1,134,078)
3i Factoring Soln	Fellow Subsidiary	(13)	(1,544,238,432)
3i Holding Pvt Ltd	Holding Company	(36,667,795)	(35,330,021)
3i Infotech India	Main Parent Company	(3,604,255,378)	(3,664,920,410)
3i Infotech APAC Loan & Interest	Fellow Subsidiary	(433,492,287)	(408,125,282)

3i INFOTECH INC

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

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

Name	Nature of Relationship	Particulars	March 31, 2018	March 31, 2017
Advances to related parties				
3I MEA FZ LLC	Fellow Subsidiaryy	Beginning of the year	8,884,815,864	9,073,613,308
		End of the year	**8,898,466,331**	**8,884,815,864**
		Translation effect	(13,650,466)	(188,797,443)
Loans from related parties				
3i APAC	Fellow Subsidiaryy	Beginning of the year	408,125,282	392,831,662
		Loans received	-	-
		Loan repayments made	-	-
		Interest charged	25,367,006	24,281,364
		Interest paid	-	-
		End of the year	**433,492,287**	**408,125,282**
		Translation effect	(132,627,531)	(8,987,744)
3i Holding Pvt. Ltd	Holding Company	Beginning of the year	34,772,007	34,772,007
		Loans received	-	-
		Loan repayments made	-	-
		Interest charged	1,895,788	1,325,977
		Interest paid	-	-
		End of the year	**36,667,795**	**34,772,007**
		Translation effect	-	(1,325,977)

(v) Key management personnel compensation **(Amount in INR)**

	March 31, 2018	March 31, 2017
Salaries and other employee benefits to Whole-time directors and executive officers	28,287,585	28,681,446
Post-employment benefits	-	-
Long term employee benefits	-	-
Employee share based payment	-	-
	28,287,585	**28,681,446**

(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.

26. COMMITMENTS AND CONTINGENCIES

A. Commitments

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 1.02 Crores (March 31, 2017: INR 1.04 Crores) during the year towards minimum lease payment.

(Amount in INR)

	March 31, 2018	March 31, 2017
Commitments for minimum lease payments in relation to non cancellable operating leases are as follows		
Within one year	10,462,432	10,232,795
Later than one year but not later than five years	12,621,038	23,048,060
later than five years	-	-
	23,083,470	**33,280,855**

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 03/31/2020). 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 0.22 Crores (March 31, 2017: INR 0.23 Crores).

(Amount in INR)

	March 31, 2018	March 31, 2017
Minimum lease rentals receivables in relation to non cancellable operating leases are as follows		
Within one year	2,178,053	2,174,712
Later than one year but not later than five years	4,356,106	4,349,423
later than five years	-	
	6,534,158	**6,524,135**

Contingent rents recognised as income in the period

27. Business Merger

3i infotech Financial Software Inc' (USA), a Global Information Technology Company committed to Empowering Business Transformation, a step-down subsidiary of the Company merged with another step down subsidiary namely, '3i Infotech Inc' (USA) on December 31, 2017.

Pursuant to the terms of Merger Agreement, '3i Infotech Inc' (USA) has issued shares to the shareholders of '3i Infotech Financial Software Inc' (USA) as a consideration against their holdings:

Particulars	No. of Shares	USD per Share	Amount in USD
Equity Share Capital			
Class A	935,187	0.30	280,556
Preference Share Capital			
Class C	30,297,500	1.00	30,297,500
Total Consideration			**30,578,056**

Following Assets, Liabilities and Other Equity of '3i infotech Financial Software Inc' (USA) which has been merged :

Particulars	Amount in USD
Assets	
Property, Plant and Equipment	87
Other Intangible Assets	7,443
Investments	11,173
Trade Receivables	23,985,395
Cash and Cash Equivalents	8,615
Other Current Assets	19,404
Sub Total [A]	**24,032,116**
Liabilities	
Borrowings	1,968,279
Trade Payable	690,051
Other Financial Liabilities	41,231
Other Current Liabilities	349,627
Sub Total [B]	**3,049,187**
Other Equity [C]	(9,595,127)
Net Asset and Other Equity [D] = [A - B - C]	**30,578,056**
Consideration Paid [E]	**30,578,056**
Goodwill / (Capital Reserve) [F] = [E] - [D]	-

28. 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				
Trade Receivables	356,189,674	368,920,803	356,189,674	368,920,803
Cash and Cash Equivalents	9,989,030	61,440,104	9,989,030	61,440,104
Other Financial Assets	269,874,477	235,154,629	269,874,477	235,154,629
Total	**636,053,180**	**665,515,536**	**636,053,180**	**665,515,536**

FINANCIAL LIABILITIES				
Amortised cost				
Borrowings	6,695,102,098	5,742,489,426	6,695,102,098	5,742,489,426
Trade Payables	3,727,237,658	5,270,133,730	3,727,237,658	5,270,133,730
Other financial liabilities	676,105,159	669,702,509	676,105,159	669,702,509
Total	**11,098,444,915**	**11,682,325,665**	**11,098,444,915**	**11,682,325,665**

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.

ii. Fair Value Hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath the table:

Assets and liabilities measured at amortised cost and for which fair values are disclosed in the financial statements:

Particulars	March 31, 2018				March 31, 2017		
	Fair value measurement using			Total	Fair value measurement using		Total
	Quoted prices in active markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		Quoted prices in active markets (Level 1)	Significant Unobservable Inputs (Level 3)	
Financial Assets							
Deposits			1,944,690	**1,944,690**		1,974,069	**1,974,069**
Total Financial Assets	-	-	**1,944,690**	**1,944,690**	-	**1,974,069**	**1,974,069**
Financial Liabilities							
Borrowings	-	-	6,695,102,098	**6,695,102,098**		5,742,489,426	**5,742,489,426**
Total Financial Liabilities	-	-	**6,695,102,098**	**6,695,102,098**	-	**5,742,489,426**	**5,742,489,426**

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

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

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

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

iii. Valuation technique used to determine fair value

Specific Valuation techniques used to value financial instruments include:

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

iv. Valuation processes

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

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 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 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
Total financial assets	636,553,187
Total financial liabilities	11,098,807,924

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 678.19 crores for the year ended March 31,2018

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

(Amount in INR)

Particulars	USD
Total financial assets	665,515,536
Total financial liabilities	11,690,778,562

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 713.59 crores 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.

(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 62.41 crores (March 31, 2017: INR 60.21 crores). The lifetime expected credit loss on customer balance for the year ended March 31, 2018 is INR 2.95 crores (March 31, 2017: INR 2.01 crores).

Reconciliation of loss allowance provision - Trade receivables and Unbilled revenue

(Amount in INR)

Particulars	March 31, 2018	March 31, 2017
Balance at the beginning	20,141,420	20,492,668
Impairment loss recognised/reversed	9,315,347	(351,249)
Balance at the end	**29,456,767**	**20,141,420**

(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, 2018 **(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	3,727,237,658	-	-	-	3,727,237,658
Borrowings including Interest thereon	169,719,579	-	-	-	169,719,579
Other financial liabilities	676,105,165	-	-	-	676,105,165
Total	**4,573,062,402**	**-**	**-**	**-**	**4,573,062,402**

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
Borrowings	161,808,900	-	-	-	161,808,900
Other financial liabilities	669,702,509	-	-	-	669,702,509
Total	**6,101,645,139**	**-**	**-**	**-**	**6,101,645,139**

30. 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 is a wholly owend 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
Borrowings other than convertible preference shares	477,304,714	468,922,192
Trade payables	3,727,237,658	5,270,133,730
Convertible preference shares	6,217,797,384	5,273,567,234
Other payables	710,413,549	687,670,468
Less: cash and cash equivalents	(9,989,030)	(61,440,104)
Net Debt	**11,122,764,275**	**11,638,853,520**
Equity	1,301,757,383	1,289,201,737
Other equity	(2,882,877,719)	(3,409,491,263)
Total Capital	**(1,581,120,336)**	**(2,120,289,527)**
Capital and net debt	**9,541,643,939**	**9,518,563,993**
Gearing ratio	**116.57**	**122.28**

31. ASSETS PLEDGED AS SECURITY

The carrying amount of assets pledged as security for current and non current borrowings are: **(Amount in INR)**

Particulars	March 31, 2018	March 31, 2017
CURRENT ASSETS		
i. Financial Assets		
Trade receivable	356,189,674	368,920,803
Cash and cash equivalents	9,989,030	61,440,104
Other financial assets	267,929,787	233,180,561
ii. Non Financial Assets		
Other current assets (excluding prepaid expenses)	8,906,063,759	8,904,842,983
Total current assets pledged as security	**9,540,172,249**	**9,568,384,451**
NON CURRENT ASSETS		
Leasehold Improvements	324,106	618,998
Furniture and Fixtures	855,948	3,639,138
Office Equipments	254,196	588,505
Computer hardware	1,565,027	2,436,568
Intangible Assets	437,430	80,767
Total non current assets pledged as security	**3,436,707**	**7,363,975**

3i INFOTECH INC
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

32. 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	9,989,030	-	9,989,030	(9,989,030)	-
Trade receivables	356,189,674	-	356,189,674	(356,189,674)	-
Other financial assets	267,929,787	-	267,929,787	(267,929,787)	-
Total	**634,108,490**	**-**	**634,108,490**	**(634,108,490)**	**-**
Financial liabilities					
Trade payables	3,727,237,658	-	3,727,237,658	-	3,727,237,658
Borrowings	6,695,102,098	-	6,695,102,098	(634,108,490)	6,060,993,607
Other financial liabilities	676,105,159	-	676,105,159	-	676,105,159
Total	**11,098,444,915**	**-**	**11,098,444,915**	**(634,108,490)**	**10,464,336,425**
March 31, 2017					
Financial assets					
Cash and cash equivalents	61,440,104	-	61,440,104	(61,440,104)	-
Bank balances other than above	-	-	-		-
Trade receivables	368,920,803	-	368,920,803	(368,920,803)	-
Other financial assets	233,180,561	-	233,180,561	(233,180,561)	-
Total	**663,541,468**	**-**	**663,541,468**	**(663,541,468)**	**-**
Financial liabilities					
Trade payables	5,270,133,730	-	5,270,133,730	-	5,270,133,730
Borrowings	5,742,489,426	-	5,742,489,426	(663,541,468)	5,078,947,959
Other financial liabilities	669,702,509	-	669,702,509	-	669,702,509
Total	**11,682,325,665**	**-**	**11,682,325,665**	**(663,541,468)**	**11,018,784,198**

33. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 (MSMED ACT, 2006)

(Amount in INR)

Particulars	March 31, 2018	March 31, 2017
Principal amount due to suppliers under MSMED Act, 2006*	-	-
Interest accrued and due to suppliers under MSMED Act, on the above amount	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
Interest paid to suppliers under MSMED Act, (other than Section 16)	-	-
Interest paid to suppliers under MSMED Act, (Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, for payment already made	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	-	-

* Amount includes due and unpaid of INR Nil (March 31, 2017: INR Nil)

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

34. The accounts of certain Trade Receivables, Trade Payables, Loans and Advances and Banks are however, subject to formal confirmations/reconciliations and consequent adjustments, if any. However, the management does not expect any material difference affecting the current year’s financial statements on such reconciliation/adjustments.

35. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Ind AS 115 - Revenue from Contracts with Customers

Ind AS 115 was issued in February 2016 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This standard will come into force from accounting period commencing on or after April 1, 2018. The Group will adopt the new standard on the required effective date.

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

For and on behalf of the board

sd/-
Padmanabhan Iyer
M.D and Global CEO

sd/-
Mrinal Ghosh
Director

sd/-
Ram Sankar
CFO