3i INFOTECH SAUDI LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31,2018

3I INFOTECH SAUDI ARABIA LLC
BALANCE SHEET AS AT MARCH 31,2018

(Amount in INR)

Particulars	Notes	March 31, 2018	March 31, 2017
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	3	2,175,095	4,364,377
(b) Income Tax Asset (Net)	7	35,250,459	35,231,005
(c) Other Non-Current Assets	7	160,433	-
		37,585,987	**39,595,382**
Current assets			
(a) Financial Assets			
(i) Trade Receivables	5	719,198,612	720,591,788
(ii) Cash and Cash Equivalents	6	4,522,426	23,124,434
(iii) Other Financial Assets	4	167,769,230	40,941,104
(b) Other Current Assets	7	12,477,383	6,227,660
		903,967,651	**790,884,986**
TOTAL		**941,553,638**	**830,480,368**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	9	6,017,798	6,017,798
(b) Other Equity	10	(530,352,115)	(530,612,330)
		(524,334,317)	**(524,594,532)**
Liabilities			
Non Current Liabilities			
(a) Provisions	14	17,567,566	15,440,832
		17,567,566	**15,440,832**
Current Liabilities			
(a) Financial Liabilities			
(i) Trade Payables	12		
Micro, Small and Medium Enterprises		-	-
Others		1,181,211,912	1,094,611,268
(ii) Other Financial Liabilities	11	6,627,305	4,400,508
(b) Other Current Liabilities	13	163,755,507	116,793,477
(c) Provisions	14	1,047,463	8,200,665
(d) Current Tax Liabilities (Net)	15	95,678,202	115,628,150
		1,448,320,389	**1,339,634,068**
TOTAL		**941,553,638**	**830,480,368**

Significant Accounting Policies and Notes forming part of the Financial Statements — 1 to 33

For and on behalf of the board

Sd/-	**Sd/-**
Padmanabhan Iyer	**Mrinal Ghosh**
Director	**Director**
DIN: 05282942	**DIN:07232477**

Navi Mumbai
Date : April 20,2018

3I INFOTECH SAUDI ARABIA LLC

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)	16	612,318,654	483,370,451
Other income	17	5,912,654	12,115,238
Total Revenue (I)		**618,231,308**	**495,485,689**
EXPENSES			
Cost of party products and services	18	459,688,992	322,122,149
Employee benefits expense	19	88,707,259	104,834,064
Finance costs	20	297,429	155,105
Depreciation and amortization expense	21	2,318,318	2,601,395
Other expenses	22	13,385,064	48,766,005
Total Expenses (II)		**564,397,062**	**478,478,718**
Profit/(loss) before exceptional items and tax (I-II)		**53,834,246**	**17,006,971**
Exceptional Items		-	-
Profit/(loss) before tax		**53,834,246**	**17,006,971**
Tax expense:			
Current tax		59,813,558	38,784,676
Adjustment of tax relating to earlier periods		-	8,570,892
Profit/(loss) for the year		**(5,979,311)**	**(30,348,597)**
OTHER COMPREHENSIVE INCOME			
A. Other Comprehensive income not to be reclassified to profit and loss in subsequent periods:			
Remeasurement of gains (losses) on defined benefit plans		6,239,525	4,749,695
Other Comprehensive income for the year, net of tax		**6,239,525**	**4,749,695**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**260,213**	**(25,598,902)**
Earnings per share for profit attributable to equity shareholders			
Basic EPS		(11,959)	(60,697)
Dilluted EPS		(11,959)	(60,697)

Significant Accounting Policies and Notes forming part of the Financial Statements — 1 to 33

For and on behalf of the board

Sd/-	**Sd/-**
Padmanabhan Iyer	**Mrinal Ghosh**
Director	**Director**
DIN: 05282942	**DIN:07232477**

Navi Mumbai
Date : April 20,2018

3I INFOTECH SAUDI ARABIA LLC
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31,2018

(Amount in INR)

Particulars	2017-18	2016-17
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit/(Loss) before income tax from:	53,834,246	17,006,971
Adjustments for:		
Depreciation and amortisation expense	2,318,318	2,601,395
Foreign Exhange Fluctuation	(5,621,507)	14,010
Allowance for doubtful debts and advances	(30,232,628)	6,989,018
Remeasurement of gains (losses) on defined benefit plans	6,239,525	4,749,695
Change in operating assets and liabilities:		
(Increase)/decrease in trade receivables	37,673,929	(24,439,344)
Increase/(decrease) in trade payables	86,600,644	(48,090,067)
(Increase)/decrease in other financial assets	(126,828,124)	61,106,333
(Increase)/decrease in other non-current assets	(179,887)	(4,161,498)
Increase/(decrease) in provisions	(6,249,723)	(10,781,628)
Increase/(decrease)in employee benefit obligations	(5,026,467)	3,550,017
Increase/(decrease) in current liabilities	(27,213,198)	(21,941,069)
Cash generated from operations	**(14,684,872)**	**(13,396,168)**
Less: Income taxes paid	(3,788,099)	-
Net cash inflow from operating activities	**(18,472,971)**	**(13,396,168)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for property, plant and equipment	(129,037)	(114,619)
Net cash outflow from investing activities	**(129,037)**	**(114,619)**
Net increase (decrease) in cash and cash equivalents	(18,602,008)	(13,510,788)
Cash and Cash Equivalents at the beginning of the financial year	23,124,434	36,635,221
Cash and Cash Equivalents at end of the year	**4,522,426**	**23,124,434**

Significant Accounting Policies and Notes forming part of the Financial Statements 1 to 33

For and on behalf of the board

Sd/-
Padmanabhan Iyer
Director
DIN: 05282942

Sd/-
Mrinal Ghosh
Director
DIN:07232477

Navi Mumbai
Date : April 20,2018

3I INFOTECH SAUDI ARABIA LLC
STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31,2018

A Equity Share Capital

(Amount in INR)

Particulars	Balance at the Beginning of the period	Changes in Equity share capital during the year	Balance at the end of the period
March 31, 2017			
Numbers	500	-	500
Amount	6,017,798	-	6,017,798
March 31, 2018			
Numbers	500	-	500
Amount	6,017,798	-	6,017,798

B Other Equity

Particulars	Reserves and Surplus Retained Earnings
As at April 1, 2017	**(505,027,438)**
Profit for the period	(30,348,597)
Other comprehensive income	4,749,695
Others	14,010
As at March 31, 2017	**(530,612,330)**
Profit for the period	(5,979,311)
Other comprehensive income	6,239,525
Others	-
As at March 31, 2018	**(530,352,114)**

Significant Accounting Policies and Notes forming part of the Financial Statements 1 to 33

For and on behalf of the board

Sd/-
Padmanabhan Iyer
Director
DIN: 05282942

Sd/-
Mrinal Ghosh
Director
DIN:07232477

Navi Mumbai
Date : April 20,2018

1 Corporate Information

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

The Company is incorporated and domiciled in the Kingdom of Saudi Arabia. The address of its registered office is at Al khobar, Saudi Arabia.

The financial statements for the year ended March 31,2018 were approved by the Board of Directors and authorised for issue on April 20,2018. These financial statements have been prepared for enabling ultimate holding company in preparation of consolidated financial statements.

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) Provisions and Contingent liabilities

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

d) Revenue Recognition

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

(i) Revenue from IT solutions

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

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

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

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

Unbilled and unearned revenue :

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

(ii) Revenue from Transaction Services:

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

e) Interest Income

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 fair value through other comprehensive income (FVTOCI)**

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

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

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

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

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

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

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

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

- 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 statement of profit and loss.

Interest in subsidiaries, associates and joint ventures are accounted at cost.

Derecognition

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

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

(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) 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***
Computers	*3 years*	*3-6 years*
Leasehold Improvements	*10 years*	*10 years*
Office Equipment	*5 years*	*5 years*
Furniture and Fixtures	*10 years*	*10 years*
Vehicles	*8 years*	*10 years*

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

l) Impairment

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.

m) Employee benefits

(i) Short-term obligations

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

(ii) Other long-term employee benefit obligations

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

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

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

(a) defined benefit plans such as gratuity; and

(b) defined contribution plans such as provident fund.

- **Gratuity obligations**

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

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

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

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

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

- **Defined contribution plans**

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

- **Superannuation contribution plan**

Certain employees of the Company are also participants in a defined superannuation contribution plan. The Company contributes to the scheme with Life Insurance Corporation of India on a monthly basis. The Company has no further obligations to the scheme beyond its monthly contributions.

(iv) Share-based payments

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

Employee options Plan

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

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

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

n) 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 as per agreed terms with vendors. 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.

o) 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.

p) 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.

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

q) Contingent liabilities recognised in a business combination

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

r) Contributed equity

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

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) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Hardware and Supplies

Carried at lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3I INFOTECH SAUDI ARABIA LLC

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

3. PROPERTY, PLANT AND EQUIPMENT

(Amount in INR)

Particulars	Furniture and Fixtures	Vehicles	Office Equipments	Computer Hardwares	Leasehold Improvements	Total
GROSS CARRYING VALUE						
As at April 1, 2016	756,312	1,391,175	170,227	390,344	6,838,739	9,546,796
Additions	-	-	66,973	47,646	-	114,619
As at March 31, 2017	**756,312**	**1,391,175**	**237,200**	**437,990**	**6,838,739**	**9,661,415**
Additions	-	-	76,403	52,633	-	129,037
As at March 31, 2018	**756,312**	**1,391,175**	**313,603**	**490,623**	**6,838,739**	**9,790,452**
ACCUMULATED DEPRECIATION/IMPAIRMENT						
As at April 1, 2016	326,179	389,447	65,219	207,921	1,706,878	2,695,644
Depreciation for the year	279,998	359,948	60,708	150,912	1,749,829	2,601,395
As at March 31, 2017	**606,177**	**749,395**	**125,927**	**358,833**	**3,456,707**	**5,297,039**
Depreciation for the year	130,319	346,106	61,174	98,181	1,682,537	2,318,318
As at March 31, 2018	**736,496**	**1,095,501**	**187,101**	**457,014**	**5,139,244**	**7,615,357**
Net Carrying value as at March 31, 2018	**19,816**	**295,674**	**126,502**	**33,609**	**1,699,495**	**2,175,095**
Net Carrying value as at March 31, 2017	**150,135**	**641,780**	**111,273**	**79,157**	**3,382,032**	**4,364,375**

3I INFOTECH SAUDI ARABIA LLC

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

4. FINANCIAL ASSETS

Particulars	March 31, 2018	March 31, 2017
Current		
Financial assets carried at amortised cost		
Security Deposits	1,321,672	999,180
Unbilled Revenue (Net)	166,447,558	39,941,924
Total	**167,769,230**	**40,941,104**

5. TRADE RECEIVABLES

(Amount in INR)

Particulars	March 31, 2018	March 31, 2017
Current		
Trade Receivables from customers	163,377,607	140,203,769
Receivables from other related parties	555,821,005	580,388,019
	719,198,612	**720,591,788**
Breakup of Security details		
Secured, considered good	-	-
Unsecured, considered good	719,198,612	720,591,788
Doubtful	55,320,294	58,124,508
	774,518,906	**778,716,296**
Impairment Allowance (allowance for bad and doubtful debts)		
Unsecured, considered good	**-**	-
Doubtful	55,320,294	58,124,508
	55,320,294	**58,124,508**
	719,198,612	**720,591,788**

3I INFOTECH SAUDI ARABIA LLC

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

6. CASH AND CASH EQUIVALENTS

Particulars	March 31, 2018	March 31, 2017
Balances with banks:		
- On current accounts	4,522,426	23,124,434
	4,522,426	**23,124,434**

7. OTHER ASSETS

Particulars	March 31, 2017	March 31, 2017
Non Current		
Others		
- Prepaid expenses	160,433	-
- Payment of Taxes (Net of Provisions)	35,250,459	35,231,005
Total	**35,410,892**	**35,231,005**
Current		
Advances other than Capital advances		
- Advances to creditors	504,903	2,706,336
- Other Advances	891,267	496,323
Others		
- Prepaid expenses	2,779,573	3,025,001
- Balances with Statutory, Government Authorities	8,301,640	-
Total	**12,477,383**	**6,227,660**

3I INFOTECH SAUDI ARABIA LLC
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2018

8. 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	59,813,558	38,784,676
Adjustment in respect of current income tax of previous year	-	8,570,892
Income tax expense recognised in profit or loss	**59,813,558**	**47,355,568**

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

Particulars	March 31, 2018	March 31, 2017
Accounting profit before income tax	53,834,246	17,006,971
Enacted tax rate in Saudi Arabia	20.00%	20.00%
Income tax on accounting profits	10,766,851	3,401,394
Effect of		
Withholding Tax on Remittances to Holding Company	47,743,417	37,697,444
Tax on Comprehensive Income	1,247,905	-
Provision for earlier years	-	8,570,892
Tax on Forex on Translation	55,385	(2,314,162)
Tax at effective income tax rate	**59,813,558**	**47,355,568**

3I INFOTECH SAUDI ARABIA LLC
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2018

9. SHARE CAPITAL

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

	Equity Share (1000 SAR Each)	
	Number	**Amount**
As at April 1, 2016	500	6,017,798
Increase/(decrease) during the year	-	-
As at March 31, 2017	500	6,017,798
Increase/(decrease) during the year	-	-
As at March 31, 2018	**500**	**6,017,798**

ii. Issued Capital
Equity Shares

	Number	Amount
Equity shares of 1000 SAR each issued, subscribed and fully paid		
As at April 1, 2016	**500**	**6,017,798**
Issued during the year	-	-
As at March 31, 2017	**500**	**6,017,798**
Issued during the year	-	-
As at March 31, 2018	**500**	**6,017,798**

iii. All the shares are held by the 3i Infotech Limited (holding company).

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

Name of the shareholder	As at March 31, 2017	
	Number	**% holding**
Equity shares of 1000 SAR each fully paid		
3i Infotech Limited	500	100%

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

vi. Shares reserved for issue under options

10. OTHER EQUITY

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

Particulars	March 31, 2018	March 31, 2017
Retained Earnings	(530,352,115)	(530,612,330)
	(530,352,115)	**(530,612,330)**

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

Particulars	March 31, 2018	March 31, 2017
Opening balance	(530,612,330)	(505,027,438)
Net Profit/(Loss) for the period	(5,979,311)	(30,348,597)
Add/(Less):		
Items of Other Comprehensive Income directly recognised in Retained Earnings		
Remeasurement of post employment benefit obligation, net of tax	6,239,525	4,749,695
Others	-	14,010
Closing balance	**(530,352,114)**	**(530,612,330)**

11. OTHER FINANCIAL LIABILITIES

(Amount in INR)

Particulars	March 31, 2018	March 31, 2017
Current		
Financial Liabilities at amortised cost		
Dues to employees	6,627,305	4,400,508
Total	**6,627,305**	**4,400,508**

3I INFOTECH SAUDI ARABIA LLC
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2018

12. TRADE PAYABLES

(Amount in INR)

Particulars	March 31, 2018	March 31, 2017
Current		
Trade Payables to Micro, Small and Medium Enterprises	-	-
Trade Payables to Related Parties	1,150,785,665	1,078,023,112
Trade Payables to Others	30,426,247	16,588,156
Total	**1,181,211,912**	1,094,611,268

13. OTHER LIABILITIES

(Amount in INR)

Particulars	March 31, 2018	March 31, 2017
Current		
Advance received from Customers (Including Unearned revenue)	36,150,198	80,345,999
Others		
Statutory Liabilities	127,605,290	36,447,459
Others	19	19
Total	**163,755,507**	**116,793,477**

14. PROVISIONS

(Amount in INR)

Particulars	March 31, 2018	March 31, 2017
Non Current		
Provision for employee benefits		
Gratuity	15,220,397	14,599,241
Leave encashment	2,347,169	841,590
Total	**17,567,566**	**15,440,832**
Current		
Provision for employee benefits		
Gratuity	820,563	2,822,064
Leave encashment	226,900	5,378,601
Total	**1,047,463**	**8,200,665**

15. CURRENT TAX LIABILITY(NET)

(Amount in INR)

Particulars	March 31, 2018	March 31, 2017
Current tax liability	95,678,202	115,628,150
Closing Balance	**95,678,202**	**115,628,150**

3I INFOTECH SAUDI ARABIA LLC
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2018

16. REVENUE FROM OPERATIONS

(Amount in INR)

Particulars	2017-18	2016-17
IT Solutions	612,318,654	483,370,451
	612,318,654	**483,370,451**

17. OTHER INCOME

(Amount in INR)

Particulars	2017-18	2016-17
Foreign Exchange Fluctuation Gain	5,621,507	11,318,087
Miscellaneous Income	291,147	797,151
	5,912,654	**12,115,238**

18. COST OF THIRD PARTY PRODUCTS AND SERVICES

(Amount in INR)

Particulars	2017-18	2016-17
Cost of third party products / outsourced services	459,688,992	322,122,149
	459,688,992	**322,122,149**

19. EMPLOYEE BENEFITS EXPENSE

(Amount in INR)

Particulars	2017-18	2016-17
Salaries, wages and bonus	80,958,776	90,173,155
Contribution to provident and other funds	1,929,746	1,275,732
Staff welfare expenses	246,567	370,031
Recruitment and training expenses	600,234	616,717
Gratuity Expense	4,971,936	12,398,429
	88,707,259	**104,834,064**

3I INFOTECH SAUDI ARABIA LLC

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

20. FINANCE COST

(Amount in INR)

Particulars	2017-18	2016-17
Other borrowing costs		
Others	297,429	155,105
	297,429	**155,105**

21. DEPRECIATION AND AMORTISATION EXPENSE

(Amount in INR)

Particulars	2017-18	2016-17
Depreciation on tangible assets	2,318,318	2,601,395
	2,318,318	**2,601,395**

22. OTHER EXPENSES

(Amount in INR)

Particulars	2017-18	2016-17
Electricity power, fuel and water	76,227	54,609
Repairs and maintenance	31,177	167,606
Insurance	3,957,703	3,269,239
Legal and professional fees	6,572,983	3,093,105
Rates and taxes	1,551,826	2,592,605
Rent	5,623,959	6,234,954
Telephone and internet expenses	1,819,300	2,456,935
Travelling & conveyance expenses	22,291,742	22,521,421
Allowance for doubtful debts and advances	(30,232,628)	6,989,018
Miscellaneous expenses	634,542	575,026
Advertisement expenses	-	113,761
Electricity charges	136,925	182,752
Sales promotion expenses	-	20,611
Printing and stationery	81,761	49,884
Office Expenses	839,545	444,479
	13,385,064	**48,766,005**

3I INFOTECH SAUDI ARABIA LLC

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

23. EARNINGS PER SHARE

(Amount in INR)

Particulars	March 31, 2018	March 31, 2017
(a) Basic earnings per share	(11,959)	(60,697)
(b) Dilluted earnings per share	(11,959)	(60,697)
(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	(5,979,311)	(30,348,597)
Dilluted earnings per share		
Profit attributable to the equity holders of the company used in calculating dilluted earnings per share	(5,979,311)	(30,348,597)
(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	500	500
Weighted average number of equity shares used as the denominator in calculating dilluted earnings per share	**500**	**500**

24. EMPLOYEE BENEFIT OBLIGATIONS

(Amount in INR)

Particulars	March 31, 2018			March 31, 2017		
	Current	Non Current	Total	Current	Non Current	Total
Leave obligations	226,900	2,347,169	2,574,069	2,822,064	841,590	3,663,654
Gratuity	820,563	15,220,397	16,040,961	5,378,601	14,599,241	19,977,842
Defined pension benefits	-	-	-			-
Total Employee Benefit Obligation	**1,047,463**	**17,567,566**	**18,615,030**	**8,200,665**	**15,440,831**	**23,641,496**

(i) Leave Obligations

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

The amount of the provision of INR 226,900 (March 31, 2017: INR 2,822,064) is presented as current, since the company does not have an unconditional right to defer settlement for any of these obligations.

(ii) Post Employement obligations

a) Gratuity

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

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

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

Particulars	Present value of obligation	Fair value of plan assets	Net amount
As at April 1, 2017	**17,438,031**	**-**	**17,438,031**
Forex on Translation	9,629	-	9,629
Current service cost	4,677,328	-	4,677,328
Interest expense/(income)	294,608	-	294,608
Total amount recognised in profit or loss	**4,981,565**	**-**	**4,981,565**
Remeasurements			
(Gain)/Loss from change in demographic assumptions	18,119	-	18,119
(Gain)/Loss from change in financial assumptions	(400,207)	-	(400,207)
Experience (gains)/losses	(5,857,438)	-	(5,857,438)
Total amount recognised in other comprehensive income	**(6,239,525)**	**-**	**(6,239,525)**
Forex on Translation	(8,482)	-	(8,482)
Benefit payments	**(130,628)**	**-**	**(130,628)**
As at March 31, 2018	**16,040,961**	**-**	**16,040,961**

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

Particulars	March 31, 2018
Present value of funded obligations	16,040,961
Fair value of plan assets	-
Deficit of funded plan	**16,040,961**
Unfunded plans	-
Deficit of gratuity plan	**16,040,961**

The significant actuarial assumptions were as follows:

Particulars	March 31,2018	March 31, 2017
Discount rate	2.00%	1.70%
Expected return on plan assets		
Salary growth rate		
For first 3 years	3.00%	3.00%
After 3 years	2.00%	2.00%
Withdrawal rate		
Upto 4 years	12.68%	19.50%
5 years and above	0%	5.00%
Mortality rate	100%	100.00%

A quantitative sensitivity analysis for significant assumption as at March 31, 2018 is shown below:

Assumptions	Discount rate		Salary growth rate		Attrition rate	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease	50% increase	50% decrease
March 31, 2018						
Impact on defined benefit obligation	13,452,900	19,039,960	19,001,301	13,434,506	15,936,743	15,951,808
% Impact	-15.60%	19.40%	19.20%	-15.70%	0.00%	0.00%
March 31, 2017						
Impact on defined benefit obligation	-	-	-	-	-	-
% Impact	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Assumptions	Mortality rate	
Sensitivity Level	10% increase	10% decrease
March 31, 2018		
Impact on defined benefit obligation	15,944,276	15,944,258
% Impact	0.00%	0.00%
March 31, 2017		
Impact on defined benefit obligation	-	-
% Impact	0.00%	0.00%

Particulars	March 31, 2018
1 year	815,616
2 to 5 years	524,984
6 to 10 years	3,779,883
More than 10 years	17,787,331

b) Defined pension benefits

Disclosures would be same as given for Gratuity

3I INFOTECH SAUDI ARABIA LLC
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2018

25. COMMITMENTS AND CONTINGENCIES

(Amount in INR)

A. Commitments

i. Leases

Operating lease commitments - Company as lessee

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

Particulars	March 31, 2018	March 31, 2017
Commitments for minimum lease payments in relation to non cancellable operating leases are as follows		
Within one year	2,398,373	1,528,679
Later than one year but not later than five years	2,272,265	223,428
	4,670,638	**1,752,107**

B. Contingent Liabilities	March 31, 2018	March 31, 2017
i. Claim against the company not acknowledged as debt		
Disputed Income Tax Matters	70,735,442	119,286,909
Disputed Matters with Employee	Not Quantifiable	715,246
	70,735,442	**120,002,155**

3I INFOTECH SAUDI ARABIA LLC
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2018

(Amount in INR)

26. RELATED PARTY TRANSACTIONS

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

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

(ii) Transactions with related parties

The following transactions occurred with related parties

Name	Nature of Relationship	Nature of Transaction	March 31, 2018	March 31, 2017
3i Infotech Limited	Holding Company	Expenses	407,311,727	257,088,397
3i Infotech BPO Limited	Fellow Subsidiary Company	Expenses	-	764,482

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

Name	Nature of Relationship	March 31, 2018	March 31, 2017
Trade Receivables			
3i Infotech BPO Limited	Fellow Subsidiary Company	381,051	382,409
3i Infotech (Middle East) LLC	Fellow Subsidiary Company	555,439,954	580,005,609
Trade Payables			
3i Infotech Limited	Holding Company	1,150,785,665	1,044,587,954
3i Infotech (Middle East) LLC	Fellow Subsidiary Company	-	33,435,158

3I INFOTECH SAUDI ARABIA LLC
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2018

27. 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	719,198,612	720,591,788	719,198,612	720,591,788
Cash and Cash Equivalents	4,522,426	23,124,434	4,522,426	23,124,434
Other Financial Assets	167,769,230	40,941,104	167,769,230	40,941,104
Total	**891,490,268**	**784,657,326**	**891,490,268**	**784,657,326**

FINANCIAL LIABILITIES				
Amortised cost				
Trade Payables	1,181,211,912	1,094,611,268	1,181,211,912	1,094,611,268
Other financial liabilities	6,627,305	4,400,508	6,627,305	4,400,508
Total	**1,187,839,217**	**1,099,011,776**	**1,187,839,217**	**1,099,011,776**

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 differ.

28. FINANCIAL RISK MANAGEMENT

The group 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 group 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 of the parent company . 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 Group/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, Nigerian naira, Great Britain Pound and Euro against the functional currency of the Company. The ultimate holding Company evaluates the impact of the foreign exchange rate fluctuation by assessing its exposure to exchange rate risks on a group level basis.

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

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

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

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

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

(Amount in INR)

	USD	Total
Total financial assets	886,967,842	**886,967,842**
Total financial liabilities	1,187,839,217	**1,187,839,217**

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 0.30 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)

	USD	Total
Total financial assets	761,532,891	761,532,891
Total financial liabilities	1,187,839,217	1,187,839,217

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 0.42 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 as formallised by the parent company to determine impairment loss allowance on portfolio of its trade receivables and unbilled revenue. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

- Other Financails Assets

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

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

(2) Credit risk exposure

- Trade receivables and Unbilled revenues

The carrying amount of trade receivables and unbilled revenues represents the maximum credit exposure from customers. The maximum exposure to credit risk from customers is INR 1,076,890,273(March 31, 2017: INR 973,366,131). The lifetime expected credit loss on customer balance for the year ended March 31, 2018 is INR 105,688,531 (March 31, 2017: INR 174,887,727).

Particulars	March 31, 2018	March 31, 2017
Balance at the beginning	174,887,727	176,186,475
Impairment loss recognised/reversed	(69,199,196)	(1,298,748)
Balance at the end	**105,688,531**	**174,887,727**

(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	1,181,211,912	-	-	-	1,181,211,912
Other financial liabilities	6,627,305	-	-	-	6,627,305
Total	**1,187,839,217**	**-**	**-**	**-**	**1,187,839,217**

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	1,094,611,268	-	-	-	1,094,611,268
Other financial liabilities	4,400,508	-	-	-	4,400,508
Total	**1,099,011,776**	**-**	**-**	**-**	**1,099,011,776**

(Amount in INR)

29. CAPITAL MANAGEMENT

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.

3I INFOTECH SAUDI ARABIA LLC
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2018

(Amount in INR)

30. 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. As on March 31, 2018 there are no offetting items.

	Effects of offsetting on the balance sheet			
Particulars	**Gross amount**	**Gross amounts set off in the balance sheet**	**Net amount presented in the balance sheet**	**Net amount**
March 31, 2017				
Financial assets				
Cash and cash equivalents	23,124,434	-	23,124,434	**23,124,434**
Trade receivables	718,696,359	(1,895,428)	720,591,788	**720,591,788**
Other financial assets	39,293,856	(1,647,248)	40,941,104	**40,941,104**
Total	**781,114,649**	**(3,542,676)**	**784,657,326**	**784,657,326**
Financial liabilities				
Trade payables	1,098,153,945	3,542,677	1,094,611,268	**1,094,611,268**
Total	**1,098,153,945**	**3,542,677**	**1,094,611,268**	**1,094,611,268**

31. 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"

32. 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 years financial statements on such reconciliations / adjustments.

33. Figures for the previous year have been re-grouped / re-arranged, whenever considered necessary to conform to current year's presentation.

Significant Accounting Policies and Notes forming part of the Financial Statements 1 to 33

For and on behalf of the board

Sd/-	**Sd/-**
Padmanabhan Iyer	**Mrinal Ghosh**
Director	**Director**
DIN: 05282942	**DIN:07232477**

Navi Mumbai
Date : April 20,2018