GMJ & Co
Chartered Accountants
3rd & 4th Floor, Vaastu Darshan,
'B'wing, Above Central Bank of India,
Azad Road, Andheri (East),
Mumbai - 400 069.
Tel. : 022- 6191 9293 / 222 /200
Fax : 022- 2684 2221 / 6191 9256
E-mail : admin@gmj.co.in
info@gmj.co.in

# INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF 3I INFOTECH CONSULTANCY SERVICES LIMITED**

**Report on the Audit of the Ind AS Financial Statements**

**Opinion**

We have audited the accompanying Ind AS financial statements of **3I INFOTECH CONSULTANCY SERVICES LIMITED** (*"the Company"*) which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to financial statements, including a summary of significant accounting policies (hereinafter referred to as the "the Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the ***Auditor's Responsibilities for the Audit of the Financial Statements*** section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Ind AS financial statements.

**Other information**

The Company's Board of Directors is responsible for the other information. The other information comprises the Management Discussion and Analysis, Board's Report including Annexures to Board's Report and Corporate Governance, but does not include the Ind AS financial statements and our auditor's report thereon. The above stated reports are expected to be made available to us after the date of this auditor's report.

Our opinion on the Ind AS financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

GMJ & CO MUMBAI FRN NO. 103429W CHARTERED ACCOUNTANTS



City Office : 38-B, Onlooker Building, 5th Flr. Sir P.M. Road, Fort, Mumbai- 400 001. Tel. : 2267 2778 / 6635 2778 Fax: 2267 2778

When we read the above stated reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

**Management's Responsibility for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
The Board of Directors is also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Ind AS financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Ind AS financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Report on Other Legal and Regulatory Requirements**

1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "**Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Ind AS financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Ind AS financial statements have been kept by the Company so far as it appears from our examination of those books.

   c) The company does not have any branches. Hence, the provisions of section 143(3)(c) is not applicable.

   d) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

   e) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   f) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

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g) With respect to adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **"Annexure B"**

3) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   (i) The Company has disclosed the impact of pending litigations on its financial position as referred to Note 23 to the Ind AS financial statement.

   (ii) The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.

   (iii) There has been no delay in transferring amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

4) According to the information and explanations given to us, no remuneration has been paid by the company to any of its directors. Accordingly, provisions of Section 197 of the act relating to the remuneration to directors are not applicable

For **GMJ & Co**
**Chartered Accountants**
**(FRN.: 103429W)**

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

**(CA S. Maheshwari)**
**Partner**
**Membership No.: 038755**

**Place : Mumbai**
**Date : May 06,2019**

**Re: 3I INFOTECH CONSULTANCY SERVICES LIMITED**

**Annexure 'A' to the Independent Auditors' Report**

(Referred to in paragraph 9 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. (a) The company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.

(b) Property, Plant and Equipment have been physically verified by the management at regular intervals, which in our opinion is reasonable, having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such physical verification.

(c) According to the information and explanation given to us and on the basis of examination of records of the Company, the Company does not hold any immovable property. Therefore paragraph3 (i) (c) is not applicable.

ii. As The Company is a service company, primarily rendering software services. Accordingly it does not hold any physical inventories during the year. Accordingly, paragraph 3(ii) of the Order is not applicable to the Company.

iii. During the year, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.

iv. In our opinion and according to the information and explanations given to us, during the year, the Company has not granted any loans or provided any guarantees or security in respect of any loans to any party covered under section 185 of the Companies Act, 2013. In respect of loan has been given in the previous years, the provision of Section 186 of the Companies Act, 2013 have been complied with.

v. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from public within the meaning of Section 73 to 76 of the Companies Act, 2013 and the rules framed there under.

vi. The Central Government has not prescribed the maintenance of cost records under Section 148 (1) of the Companies Act 2013, for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable.

vii. (a) According to the information and explanation given to us and on the basis of our examination of our records of the Company, in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, wealth tax, sales tax, Goods and service tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues have generally been regularly deposited with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were in arrears except for professional tax which amounts to Rs 78,562 as at March 31, 2019 for a period of more than six months from the date they became payable.

(b) According to the books of accounts and records as produced and examined by us in accordance with the generally accepted auditing practices in India, as at March 31,2019, the following are the particulars of the dues that have not been deposited on the account of dispute.

| Name of the Statute | Nature of the Dues | Amount in Rs | Forum where dispute is pending | Financial year to which the amount relates |
|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax | 1,01,01,326 | Appellate Authority – ITAT, Ahmedabad | 2009-10 |
| Income Tax Act, 1961 | Income Tax | 1,12,42,787 | Appellate Authority – ITAT, Ahmedabad | 2011-12 |

viii. In our opinion and according to the information and explanations given to us, the Company did not have any outstanding loans or borrowings from any financial institutions or banks or government or dues to debenture holders during the year.

ix. According to the information and explanations given to us and based on the records and documents produced before us, during the year the company has not raised money by way of initial public offer or further public offer and the term loans have been applied for the purposes for which they were obtained.

x. To the best of our knowledge and belief and according to the information given to us, no material fraud by the company or on the company by its officers or employees has been noticed or reported during the year.

xi. According to the information and explanations provided to us by and based on our examination of the records of the company, the company has not paid/provided any managerial remuneration. Therefore clause 3(xi) of the order is not applicable to the company.

xii. As the company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, therefore the provisions of clause (xii) of paragraph 3 of the Order are not applicable to the company.

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

xiii. According to information and explanations given us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and details of such transactions have been disclosed in the financial statements as required by Ind AS 24, Related Party Disclosures specified under section 133 of the Act read with the relevant rules issued thereunder. Refer Note 24 to the standalone financial statements.

xiv. According to the information and explanations given to us and based on the records and documents produced before us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him under the provisions of section 192 of Companies Act, 2013.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934

For **GMJ & Co**
**Chartered Accountants**
**(FRN: 103429W)**

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

**(CA S. Maheshwari)**
**Partner**
**Membership No.: 038755**

**Place : Mumbai**
**Date : May 06,2019**

**Re: 3I INFOTECH CONSULTANCY SERVICES LIMITED**

**Annexure – 'B' to the Auditors' Report**

(Report on the Internal Financial Controls under Clause (f) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act"))

We have audited the internal financial controls over financial reporting of "**3I INFOTECH CONSULTANCY SERVICES Limited**" ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31,2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **GMJ & Co**
**Chartered Accountants**
**(FRN: 103429W)**

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

**(CA S. Maheshwari)**
**Partner**
**Membership No.: 038755**

**Place : Mumbai**
**Date : May 06,2019**

# 3i INFOTECH CONSULTANCY SERVICES LIMITED

## FINANCIAL STATEMENTS
## FOR THE YEAR ENDED MARCH 31,2019

# 3I INFOTECH CONSULTANCY SERVICES LIMITED
## BALANCE SHEET AS AT MARCH 31, 2019

(Amount in INR)

| Particulars | Notes | March 31, 2019 | March 31, 2018 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| (a) Deferred Tax Asset (Net) | 4 | 5,595,080 | 5,959,000 |
| (b) Other Non-Current Assets | 5 | 71,726,930 | 68,410,708 |
| | | **77,322,010** | **74,369,708** |
| **Current assets** | | | |
| (a) Financial Assets | | | |
| (i) Trade Receivables | 6 | 178,267,606 | 380,717,198 |
| (ii) Cash and Cash Equivalents | 7 | 2,334,617 | 1,669,323 |
| (iii) Bank Balances Other than (ii) above | | - | - |
| (iv) Other Financial Assets | 3 | 54,036,368 | 53,990,334 |
| (b) Other Current Assets | 5 | 1,000,042 | 2,388,085 |
| | | **235,638,633** | **438,764,940** |
| **TOTAL** | | **312,960,643** | **513,134,648** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Equity Share capital | 8 | 48,052,110 | 48,052,110 |
| (b) Other Equity | 9 | 176,715,601 | 168,180,697 |
| **Total Equity** | | **224,767,711** | **216,232,807** |
| Liabilities | | | |
| **Non Current Liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 10 | - | 166,816,763 |
| (b) Provisions | 11 | 8,728,376 | 7,633,569 |
| | | **8,728,376** | **174,450,332** |
| **Current Liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Trade Payables | 12 | | |
| Micro and Small Enterprises | | 48,624 | - |
| Others | | 6,664,316 | 5,152,729 |
| (ii) Other Financial Liabilities | 13 | 9,759,198 | 53,713,824 |
| (b) Other Current Liabilities | 14 | 59,253,404 | 61,419,011 |
| (c) Provisions | 11 | 3,739,014 | 2,165,945 |
| | | **79,464,556** | **122,451,509** |
| **TOTAL** | | **312,960,643** | **513,134,648** |

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

**As per our report of even date attached**

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

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

**S. Maheshwari**
**Partner**
**M.No.: 038755**
**Navi Mumbai**
**Date : May 06,2019**

3i Infotech Consultancy Services Ltd.

**For and on behalf of the board**

**Padmanabhan Iyer**
**Chairman**
**DIN: 05282942**
**Navi Mumbai**
**Date : May 06,2019**

**Mrinal Ghosh**
**Director**
**DIN:07232477**

# 3I INFOTECH CONSULTANCY SERVICES LIMITED
## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

(Amount in INR)

| Particulars | Notes | 2018-19 | 2017-18 |
|---|---|---|---|
| **REVENUE** | | | |
| Revenue from operations (net) | 15 | 494,970,736 | 348,985,482 |
| Other income | 16 | 965,378 | 2,883,252 |
| **Total Revenue (I)** | | **495,936,114** | **351,868,734** |
| **EXPENSES** | | | |
| Employee benefits expense | 17 | 426,971,696 | 290,311,460 |
| Cost of third party products and services | 18 | 37,632,257 | 18,263,104 |
| Finance costs | 19 | 8,519 | 33,352,227 |
| Other expenses | 20 | 22,525,967 | 19,735,038 |
| **Total Expenses (II)** | | **487,138,439** | **361,661,829** |
| **Profit/(loss) before exceptional items and tax (I-II)** | | **8,797,675** | **(9,793,095)** |
| Exceptional Items | | - | - |
| **Profit/(loss) before tax** | | **8,797,675** | **(9,793,095)** |
| **Tax expense:** | 4 | | |
| Current tax | | 1,750,000 | 1,531,000 |
| Adjustment of tax relating to earlier periods | | 182,889 | 4,988,296 |
| Deferred tax | | 290,070 | 2,574,828 |
| Mat Credit Entitlement | | (1,750,000) | - |
| **Profit/(loss) for the period** | | **8,324,716** | **(18,887,219)** |
| **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 | | 284,038 | 1,193,437 |
| Income tax effect | 4 | (73,850) | (387,211) |
| **Other Comprehensive income for the year, net of tax** | | 210,188 | 806,226 |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX** | | **8,534,904** | **(18,080,993)** |
| **Earnings per share for profit attributable to equity shareholders** | 21 | | |
| Basic EPS | | 1.73 | (3.93) |
| Dilluted EPS | | 1.73 | (3.93) |

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

**As per our report of even date attached**

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

GMJ & CO MUMBAI FRN NO. 103429W CHARTERED ACCOUNTANTS

S. Maheshwari
Partner
M.No.: 038755

Navi Mumbai
Date : May 06,2019

**For and on behalf of the board**

3i Infotech Consultancy Services Ltd.

**Padmanabhan Iyer**
**Chairman**
**DIN: 05282942**

**Mrinal Ghosh**
**Director**
**DIN:07232477**

Navi Mumbai
Date : May 06,2019

## 3I INFOTECH CONSULTANCY SERVICES LIMITED
## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2019

(Amount in INR)

| Particulars | For the year ended March 31,2019 | For the year ended March 31,2018 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| **Profit/(Loss) before income tax** | 8,797,675 | (9,793,095) |
| **Adjustments for:** | | |
| Remeasurement of gains (losses) on defined benefit plans | 357,888 | 1,580,648 |
| Allowance for doubtful debts and advances | 129,512 | - |
| Net foreign exchange differences | 173,118 | (4,414) |
| **Change in operating assets and liabilities:** | | |
| (Increase)/Decrease in trade receivables | 35,330,198 | (22,528,996) |
| Increase/(decrease) in trade payables | 1,560,212 | (25,717,585) |
| (Increase) in other financial assets | (46,034) | 40,930,569 |
| (Increase) in other current assets | 1,388,043 | (663,523) |
| Increase/(decrease) in other financial liability | (43,954,626) | 21,427,051 |
| Increase in employee benefit obligations | 2,667,876 | 950,718 |
| Increase in other current liabilities | (2,165,608) | 3,521,362 |
| **Cash generated from operations** | **4,238,254** | **9,702,735** |
| Less: Income taxes paid | (3,572,961) | (9,146,483) |
| **Net Cash from / (used in) Operating Activities before Exceptional item** | **665,293** | **556,252** |
| Exceptional Item | - | - |
| **Net cash inflow from operating activities** | **665,293** | **556,252** |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Interest received | - | - |
| **Net cash outflow from investing activities** | - | - |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Proceeds / (Repayment) from / to borrowings | - | - |
| Interest paid | - | - |
| **Net cash inflow (outflow) from financing activities** | - | - |
| Net increase (decrease) in cash and cash equivalents | 665,293 | 556,252 |
| Cash and Cash Equivalents at the beginning of the financial year | 1,669,323 | 1,113,071 |
| **Cash and Cash Equivalents at end of the year** | **2,334,617** | **1,669,323** |

**Note:**

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

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

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

**As per our report of even date attached**

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

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

**S. Maheshwari**
**Partner**
**M.No.: 038755**

**Navi Mumbai**
**Date : May 06,2019**

**For and on behalf of the board**

Consultancy Services Ltd.

**Padmanabhan Iyer**
**Chairman**
**DIN: 05282942**

**Navi Mumbai**
**Date : May 06,2019**

**Mrinal Ghosh**
**Director**
**DIN:07232477**

# 3I INFOTECH CONSULTANCY SERVICES LIMITED
## STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2019

**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, 2018** | | | |
| Numbers | 4,805,211 | - | 4,805,211 |
| Amount | 48,052,110 | - | 48,052,110 |
| **March 31, 2019** | | | |
| Numbers | 4,805,211 | - | 4,805,211 |
| Amount | 48,052,110 | - | 48,052,110 |

**B Other Equity**

(Amount in INR)

| Reserves and Surplus | | | |
|---|---|---|---|
| **Particulars** | **Securities Premium** | **Retained Earnings** | **Total other equity** |
| **As at April 01, 2017** | **322,328,296** | **(136,066,606)** | **186,261,690** |
| Profit/Loss for the period | | (18,887,219) | (18,887,219) |
| Other comprehensive income | | 806,226 | 806,226 |
| **Total comprehensive income for the period** | - | **(18,080,993)** | **(18,080,993)** |
| **As at March 31, 2018** | **322,328,296** | **(154,147,599)** | **168,180,697** |
| Profit for the period | - | 8,324,716 | 8,324,716 |
| Other comprehensive income | - | 210,188 | 210,188 |
| **Total comprehensive income for the period** | - | **8,534,904** | **8,534,904** |
| **As at March 31, 2019** | **322,328,296** | **(145,612,696)** | **176,715,601** |

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

**As per our report of even date attached**

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

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

**S. Maheshwari**
**Partner**
**M.No.: 038755**

**Navi Mumbai**
**Date : May 06,2019**

**For and on behalf of the board**

3i Infotech Consultancy Services Ltd.

**Padmanabhan Iyer**
**Chairman**
**DIN: 05282942**

**Mrinal Ghosh**
**Director**
**DIN:07232477**

**Navi Mumbai**
**Date : May 06,2019**

# 3I INFOTECH CONSULTANCY SERVICES LIMITED
# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**1 Corporate Information**

3i Infotech Consultancy Service Limited (referred to as "the Company") is a wholly owned subsidiary of 3i Infotech Limited. The Company undertakes Consultancy Services and Transaction Processing Services.

The financial statements for the year ended March 31,2019 were approved by the Board of Directors and authorised for issue on May 06, 2019.

**2 Significant Accounting Policies**

**a) Statement of compliance**

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted with effect from April 1,2016 Indian Accounting Standards (referred to as "Ind AS")notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act 2013.

**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 4

**(iv) Provisions and Contingent liabilities**

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

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**d) Revenue Recognition**

**IND AS 115**

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. The impact of adoption of the standard on the financial statements of the Company is insignificant. Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

• Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.

• Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.

•Revenue from Staff augmentation services are recognized based on number of manpower deployed as per the terms of the relevant agreements.

•Unbilled Revenue is recognised when there is excess of revenue earned over billings on contracts. Unbilled Revenue is classified as unbilled revenue (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Unearned revenue is recognised when there is billings in excess of revenues. The billing schedules agreed with customers include periodic performance based payments and / or milestone based progress payments. Invoices are payable within contractually agreed credit period. In accordance with Ind AS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received. Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

**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 on time proportion basis.

**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.

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**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 statement of profit and 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.

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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 comphrehensive 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.



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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 P&L.

- **Equity investments**

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

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

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

**Derecognition**

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

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

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

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

**Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 26 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**(iii) Financial liabilities**

**Initial recognition and measurement**

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

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

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

**Subsequent measurement**

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

- **Financial Liabilities at fair value through profit or loss**

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

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

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

- **Loans and borrowings**

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

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

- **Financial guarantee contracts**

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

**Derecognition**

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

**(vi) Reclassification of financial assets**

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

**(v) Offsetting of financial instruments**

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

**k) Property, plant and equipment**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

**Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

**Depreciation methods, estimated useful lives and residual value**

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives adopted by Company

| Category of Assets | Useful lives adopted by Company | Useful Lives prescribed under Schedule II of the Act |
|---|---|---|
| Computers | 3 years | 3-6 years |
| Office Equipment | 5 years | 5 years |
| Furniture and Fixtures | 5 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) 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.

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**(iii) Computer software**

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

**(vi) Research and development**

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

**Amortisation methods and periods**

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

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

**Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

**m) 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.



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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.

**n) 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.

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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.

**o) Trade and other payables**

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

**p) 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.

**q) Provisions**

General

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

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

**r) 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.

**s) 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.

**t) Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.



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3i Infotech Services Ltd.

**u) 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

**v) 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.

**w) Rounding of amounts**

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

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

3I Infotech Consultancy Services Ltd.

# 3I INFOTECH CONSULTANCY SERVICES LIMITED

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

## 3. FINANCIAL ASSETS

(Amount in INR)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|---|---|
| **Current** | | |
| **Financial assets carried at amortised cost** | | |
| Security Deposits | 50,000,000 | 50,000,000 |
| Unbilled Revenue | 263,317 | 952,834 |
| Unbilled Revenue from Related parties | 3,773,051 | 3,037,500 |
| Total | **54,036,368** | **53,990,334** |

## 4. INCOME TAX

(Amount in INR)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|---|---|
| **Deferred tax relates to the following:** | | |
| Fixed Assets | 4,114,000 | 2,097,000 |
| Expenses allowable on payment basis | 1,481,080 | 3,862,000 |
| **Net Deferred Tax Assets / (Liabilities)** | **5,595,080** | **5,959,000** |

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3i Infotech Consultancy Services Ltd.

**Movement in deferred tax liabilities/assets** (Amount in INR)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|---|---|
| **Opening balance as of April 1** | 5,959,000 | 8,921,039 |
| Tax income/(expense) during the period recognised in profit or loss | (290,070) | (2,574,828) |
| Tax income/(expense) during the period recognised in OCI | (73,850) | (387,211) |
| **Closing balance as at March 31** | **5,595,080** | **5,959,000** |

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority

Considering the probability of availability of future taxable profits in the period in which tax losses expire, deferred tax assets have not been recognised in respect of tax losses carried forward by the Company

**Major Components of income tax expense for the years ended March 31, 2019 and March 31, 2018 are as follows:**

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

| Particulars | 2018-19 | 2017-18 |
|---|---|---|
| Current income tax charge | 1,750,000 | 1,531,000 |
| Adjustment in respect of current income tax of previous year | 182,889 | 4,988,296 |
| Mat Credit Entitlement | (1,750,000) | - |
| **Deferred tax** | | |
| Relating to origination and reversal of temporary differences | 290,070 | 2,574,828 |
| **Income tax expense recognised in profit or loss** | **472,959** | **9,094,124** |

**ii. Income tax recognised in OCI** (Amount in INR)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|---|---|
| Net loss/(gain) on remeasurements of defined benefit plans | (73,850) | (387,211) |
| **Income tax expense recognised in OCI** | **(73,850)** | **(387,211)** |

**iii. Amounts recognised directly in equity** (Amount in INR)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|---|---|
| Aggregate current and deferred tax arising in the reporting period and not recognised in profit or loss or other comprehensive income but directly debited/(credited) to equity | - | - |

**Reconciliation of tax expense and accounting profit multiplied by income tax rate for March 31, 2018 and March 31, 2019**

(Amount in INR)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|---|---|
| **Profit before tax as per IND AS** | **8,797,676** | **(9,793,095)** |
| **Adjusments:** | | |
| Remeasurement of gains (losses) on defined benefit plans | 284,038 | 1,193,437 |
| **Accounting profit before income tax** | **9,081,714** | **(8,599,658)** |
| Enacted tax rate in India | 26.00% | 30.90% |
| **Income tax on accounting profits** | **2,361,246** | **(2,657,294)** |
| **Effect of** | | |
| Depreciation | (212,057) | (294,127) |
| Set of brought forward loss | (3,012,830) | - |
| Other non deductible expenses | - | 6,449,690 |
| Expenditure allowable on payment basis | 863,642 | (1,967,269) |
| **Tax at effective income tax rate (A)** | - | **1,531,000** |
| | | |
| As per section 115JB(2) , the Tax Expense to be provided for @18.5% or | 19.24% | 19.24% |
| **Tax on Book Profit (B)** | 1,750,000 | (1,654,574) |
| Tax to be recognised in Profit or Loss Account (Higher of A or B) | **1,750,000** | **1,531,000** |
| | | |

**Changes in tax rate**

Where the applicable tax rate changed during the year, the adjustments to the deferred tax balances appear as another reconciling item in the reconciliation of accounting profit multiplied by tax rate to income tax expense. The associated explanations could be along the following lines:

The reduction of the Indian corporate tax rate from 30.90% to 26% was substantively effective from April 01, 2018. As a result, the relevant deferred tax balance have been remeasured. Deferred tax expected to reverse in the year to March 31, 2019 has been measured using the effective rate that will apply in India for the period(26%).

The impact of the change in tax rate has been recognised in tax expense in profit or loss, except to the extent that it relates to items previously recognised outside profit or loss.



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3i Infotech Consultancy Services Ltd.

# 3I INFOTECH CONSULTANCY SERVICES LIMITED
# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

## 5. OTHER ASSETS

(Amount in INR)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|---|---|
| **Non Current** | | |
| **Others** | | |
| - Payment of Taxes (Net of Provisions) | 71,726,930 | 68,410,708 |
| **Total** | **71,726,930** | **68,410,708** |
| **Current** | | |
| Advances other than capital advance | | |
| - Advance Creditor | 39,240 | |
| - Other Advances | 575,000 | 570,381 |
| **Others** | | |
| - Prepaid expenses | 385,795 | 1,118,845 |
| - Balances with Statutory, Government Authorities | 7 | 698,859 |
| **Total** | **1,000,042** | **2,388,085** |

## 6. TRADE RECEIVABLES

(Amount in INR)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|---|---|
| **Current** | | |
| Trade Receivables from customers | 1,059,672 | 1,248,181 |
| Receivables from other related parties | 177,337,446 | 379,469,017 |
| **Total** | **178,397,118** | **380,717,198** |
| **Breakup of Security details** | | |
| Secured, considered good | - | - |
| Unsecured, considered good | 178,267,606 | 380,717,198 |
| Credit impaired | 129,512 | - |
| | **178,397,118** | **380,717,198** |
| **Impairment Allowance (allowance for bad and doubtful debts)** | | |
| Unsecured, considered good | - | - |
| Credit impaired | 129,512 | - |
| **Total** | **178,267,606** | **380,717,198** |

## 7. CASH AND CASH EQUIVALENTS

(Amount in INR)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|---|---|
| **Balances with banks:** | | |
| - On current accounts | 2,334,617 | 1,669,323 |
| **Total** | **2,334,617** | **1,669,323** |

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3i Infotech Consultancy Services Ltd.

# 3I INFOTECH CONSULTANCY SERVICES LIMITED
# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

## 8. SHARE CAPITAL

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

| Particulars | Equity Share | |
|---|---|---|
| | Number | Amount |
| **At April 01, 2017** | 10,000,000 | 100,000,000 |
| Increase/(decrease) during the year | - | - |
| **At March 31, 2018** | 10,000,000 | 100,000,000 |
| Increase/(decrease) during the year | - | - |
| **At March 31, 2019** | **10,000,000** | **100,000,000** |

**Terms/rights attached to equity shares**

The company has only one class of equity shares having par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**ii. Issued, subscribed and paid up capital** **(Amount in INR)**

| Particulars | Number | Amount |
|---|---|---|
| **Equity shares of INR 10 each issued, subscribed and fully paid** | | |
| **At April 01, 2017** | 4,805,211 | 48,052,110 |
| Issued during the period | - | - |
| **At March 31, 2018** | 4,805,211 | 48,052,110 |
| Issued during the period | - | - |
| **At March 31, 2019** | **4,805,211** | **48,052,110** |

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

Out of equity issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries/ associates are as below:

| Particulars | At March 31, 2019 | At March 31, 2018 |
|---|---|---|
| 3i Infotech Limited (The Holding company) and by its nominees | | |
| Equity shares | 4,805,211 | 4,805,211 |

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

| Name of the shareholder | At March 31, 2019 | | At March 31, 2018 | |
|---|---|---|---|---|
| | Number | % holding | Number | % holding |
| Equity shares of INR 10 each fully paid | | | | |
| 3i Infotech Limited (The Holding company) and by its nominees | 4,805,211 | 100% | 4,805,211 | 100% |

v. No equity shares are issued as bonus , for consideration other than cash or bought back during the period of five years immediately preceeding the reporting date.



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3i Infotech Consultancy Services Ltd.

# 3I INFOTECH CONSULTANCY SERVICES LIMITED
# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

## 9. OTHER EQUITY

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

| Particulars | March 31, 2019 | March 31, 2018 |
|---|---|---|
| Securities Premium | 322,328,296 | 322,328,296 |
| Retained Earnings | (145,612,695) | (154,147,599) |
| **Total** | **176,715,601** | **168,180,697** |

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

| | March 31, 2019 | March 31, 2018 |
|---|---|---|
| Opening balance | 322,328,296 | 322,328,296 |
| Add/(Less): | - | - |
| **Closing balance** | **322,328,296** | **322,328,296** |

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

| | March 31, 2019 | March 31, 2018 |
|---|---|---|
| Opening balance | (154,147,599) | (136,066,606) |
| Net Profit/(Loss) for the period | 8,324,716 | (18,887,219) |
| Add/(Less): | | |
| Items of Other Comprehensive Income directly recognised in Retained Earnings | | |
| Remeasurement of post employment benefit obligation, net of tax | 210,188 | 806,226 |
| **Closing balance** | **(145,612,695)** | **(154,147,599)** |

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3I Infotech Consultancy Services Ltd.

# 3I INFOTECH CONSULTANCY SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

### 10. BORROWINGS

| Particulars | March 31, 2019 | March 31, 2018 |
|---|---|---|
| **Non Current Borrowings** | | |
| (a) Loans from Related Parties* | - | 166,816,763 |
| **Total** | **-** | **166,816,763** |

### 11. PROVISIONS

| Particulars | March 31, 2019 | March 31, 2018 |
|---|---|---|
| **Non Current** | | |
| Provision for employee benefits | | |
| Gratuity | 8,728,376 | 7,633,569 |
| Leave encashment | - | - |
| **Total** | **8,728,376** | **7,633,569** |
| **Current** | | |
| Provision for employee benefits | | |
| Gratuity | 2,066,369 | 985,435 |
| Leave encashment | 1,672,645 | 1,180,510 |
| **Total** | **3,739,014** | **2,165,945** |

*The company had outstanding loan payable amounting INR 166,816,763 to 3i Infotech Limited. The company also had trade receivables from 3i Infotech Limited which is adjusted against loan payable during current financial year.

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3i Infotech Consultancy Services Ltd.

# 3I INFOTECH CONSULTANCY SERVICES LIMITED
# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

## 12. TRADE PAYABLES

(Amount in INR)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|---|---|
| Current | | |
| Trade Payables to Micro and Small Enterprises | 48,624 | - |
| Trade Payables to Others | 6,664,316 | 5,152,729 |
| Total | 6,712,940 | 5,152,729 |

## 13. OTHER FINANCIAL LIABILITIES

(Amount in INR)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|---|---|
| Current | | |
| **Financial Liabilities at amortised cost** | | |
| Interest accrued but not due on borrowings from related party | - | 48,993,403 |
| Dues to employees | 9,759,198 | 4,720,421 |
| Total | 9,759,198 | 53,713,824 |

## 14. OTHER LIABILITIES

(Amount in INR)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|---|---|
| Current | | |
| Advance received from Related parties | 49,428,277 | 49,428,277 |
| Others | | |
| Statutory Liabilities | 9,824,522 | 11,989,056 |
| Others | 605 | 1,678 |
| Total | 59,253,404 | 61,419,011 |

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3i Infotech Consultancy Services Ltd.

# 3I INFOTECH CONSULTANCY SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

### 15. REVENUE FROM OPERATIONS

(Amount in INR)

| Particulars | 2018-19 | 2017-18 |
|---|---|---|
| Sale of services | | |
| Transaction service | 494,970,736 | 348,985,482 |
| Total | 494,970,736 | 348,985,482 |

### 16. OTHER INCOME

(Amount in INR)

| Particulars | 2018-19 | 2017-18 |
|---|---|---|
| **Interest income on** | | |
| Others | 790,759 | 2,468,474 |
| **Other Non Operating Income** | | |
| Foreign Exchange Fluctuation Gain | 173,118 | 4,414 |
| Miscellaneous Income | 1,501 | 410,364 |
| Total | 965,378 | 2,883,252 |

### 17. EMPLOYEE BENEFITS EXPENSE

(Amount in INR)

| Particulars | 2018-19 | 2017-18 |
|---|---|---|
| Salaries, wages and bonus | 387,156,951 | 260,027,764 |
| Contribution to provident and other funds | 26,332,950 | 19,912,242 |
| Staff welfare expenses | 8,160,999 | 6,259,274 |
| Gratuity Expense | 3,700,541 | 3,277,722 |
| Recruitment and training expenses | 1,620,255 | 834,458 |
| Total | 426,971,696 | 290,311,460 |

### 18. COST OF THIRD PARTY PRODUCTS AND SERVICES

(Amount in INR)

| Particulars | 2018-19 | 2017-18 |
|---|---|---|
| **Cost of third party products / outsourced services** | | |
| Service delivery to clients | 37,632,257 | 18,263,104 |
| Total | 37,632,257 | 18,263,104 |

### 19. FINANCE COST

(Amount in INR)

| Particulars | 2018-19 | 2017-18 |
|---|---|---|
| Interest expense on debts and borrowings | - | 33,342,388 |
| **Other borrowing costs** | | |
| Others | 8,519 | 9,839 |
| Total | 8,519 | 33,352,227 |

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



3i Infotech Consultancy Services Ltd.

### 20. OTHER EXPENSES

(Amount in INR)

| Particulars | 2018-19 | 2017-18 |
|---|---|---|
| Insurance | 2,789,886 | 792,452 |
| Legal and professional fees | 4,086,538 | 3,861,369 |
| Rates and taxes | 3,947 | 735,952 |
| Telephone and internet expenses | 1,106,359 | 1,088,945 |
| Travelling & conveyance expenses | 14,407,216 | 13,078,571 |
| Allowance for doubtful debts and advances | 129,512 | - |
| Miscellaneous expenses | 2,509 | 177,749 |
| **Total** | **22,525,967** | **19,735,038** |

**(a) Details of Payments to auditors**

| Particulars | 2018-19 | 2017-18 |
|---|---|---|
| **As auditor** | | |
| Audit Fee | 400,000 | 400,000 |
| Tax audit fee | 100,000 | 100,000 |
| Re-imbursement of expenses | 12,578 | - |
| **Total** | **512,578** | **500,000** |

**(b) Corporate social responsibility expenditure**

As per Section 135 of the Companies Act 2013 , the Company does not meet the applicability threshold . Hence the provision of the said section are not applicable during the current financial year.

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

3i Infotech Consultancy Services Ltd.

**21. EARNINGS PER SHARE**

(Amount in INR)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|---|---|
| **(a) Basic earnings per share** | **1.73** | **(3.93)** |
| **(b) Diluted earnings per share** | **1.73** | **(3.93)** |
| **(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 | 8,324,716 | (18,887,219) |
| *Diluted earnings per share* | | |
| Profit attributable to the equity holders of the company used in calculating diluted earnings per share | 8,324,716 | (18,887,219) |
| **(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 | 4,805,211 | 4,805,211 |
| Adjustments for calculation of diluted earnings per share: | | |
| Options | - | - |
| Convertible Bonds | - | - |
| Convertible Preference shares | - | - |
| **Weighted average number of equity shares used as the denominator in calculating diluted earnings per share** | **4,805,211** | **4,805,211** |

### 22. EMPLOYEE BENEFIT OBLIGATIONS

(Amount in INR)

| Particulars | March 31, 2019 | | | March 31, 2018 | | |
|---|---|---|---|---|---|---|
| | Current | Non Current | Total | Current | Non Current | Total |
| Leave obligations | 1,672,645 | - | 1,672,645 | 1,180,510 | - | 1,180,510 |
| Gratuity | 2,066,369 | 8,728,376 | 10,794,745 | 985,435 | 7,633,569 | 8,619,004 |
| **Total Employee Benefit Obligation** | **3,739,014** | **8,728,376** | **12,467,390** | **2,165,945** | **7,633,569** | **9,799,514** |

**(i) Leave Obligations**

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

The amount of the provision of INR 1,672,645 (March 31, 2018: INR 1,180,510) 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 unfunded 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, 2018** | 8,619,004 | - | **8,619,004** |
| Current service cost | 3,037,349 | | 3,037,349 |
| Interest expense/(income) | 663,192 | | 663,192 |
| **Total amount recognised in profit or loss** | **3,700,541** | - | **3,700,541** |
| *Remeasurements* | | | |
| Retrun of plan assets, excluding amount included in interest (income) | - | - | - |
| (Gain)/Loss from change in demographic assumptions | (1,594,116) | | (1,594,116) |
| (Gain)/Loss from change in financial assumptions | 689,182 | | 689,182 |
| Experience (gains)/losses | 620,896 | | 620,896 |
| **Total amount recognised in other comprehensive income** | **(284,038)** | - | **(284,038)** |
| **Benefit payments** | **(1,240,762)** | | **(1,240,762)** |
| **As at March 31, 2019** | **10,794,745** | - | **10,794,745** |

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

| Particulars | March 31, 2019 | March 31, 2018 |
|---|---|---|
| Present value of obligations | 10,794,745 | 8,619,004 |
| Fair value of plan assets | - | - |
| **Deficit** | **10,794,745** | **8,619,004** |
| Unfunded plans | - | - |
| Deficit of gratuity plan | **10,794,745** | **8,619,004** |

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3i Infotech Consultancy Services Ltd.

## 3I INFOTECH CONSULTANCY SERVICES LIMITED
## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**The significant actuarial assumptions were as follows:**

| Particulars | March 31,2019 | March 31,2018 |
|---|---|---|
| Discount rate | 6.90% | 7.70% |
| 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 | 58.09% | 34.04% |
| 5 years and above | 21.28% | 14.52% |
| Mortality rate | 100% | 100.00% |

**A quantitative sensitivity analysis for significant assumption as at March 31, 2019 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, 2019** | | | | | | |
| Impact on defined benefit obligation | 10,325,575 | 11,304,011 | 11,321,467 | 10,301,764 | 9,576,447 | 12,580,220 |
| % Impact | -4.30% | 4.70% | 4.90% | -4.60% | -11.30% | 16.50% |
| **March 31, 2018** | | | | | | |
| Impact on defined benefit obligation | 8,120,430 | 9,172,658 | 9,197,039 | 8,091,187 | 7,958,227 | 8,804,172 |
| % Impact | -5.80% | 6.40% | 6.70% | -6.10% | -7.70% | 2.10% |

| Assumptions | Mortality rate | |
|---|---|---|
| Sensitivity Level | 10% Increase | 10% Decrease |
| **March 31, 2019** | | |
| Impact on defined benefit obligation | 10,796,325 | 10,793,162 |
| % Impact | 0.00% | 0.00% |
| **March 31, 2018** | | |
| Impact on defined benefit obligation | 8,621,165 | 8,616,835 |
| % Impact | 0.00% | 0.00% |

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined beenfit obligation as a result of reasonable changes in key assumptions occuring at the end of the reporting period.

Since the scheme is managed on unfunded basis, the next year contribution is nil.
The average duration of the defined benefit plan obligation at the end of the reporting period is 4 years (March 31, 2018:6 years)

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## 3I INFOTECH CONSULTANCY SERVICES LIMITED
## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**Expected cash flows over the next (valued on undiscounted basis)**

| Particulars | March 31, 2019 | March 31, 2018 |
|---|---|---|
| 1 year | 2,066,369 | 985,435 |
| 2 to 5 years | 6,562,512 | 4,504,839 |
| 6 to 10 years | 4,495,379 | 4,719,890 |
| More than 10 years | 2,318,813 | 4,972,503 |

**b) Defined pension benefits**

Disclosures would be same as given for Gratuity

**(iii) Defined contribution plans**

The company also has defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual nor any contructive obligation. The expense recognised during the period towards defined contribution plan is INR 20,783,063 (March 31, 2018: INR 14,953,808)

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## 3I INFOTECH CONSULTANCY SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**23. COMMITMENTS AND CONTINGENCIES**

(Amount in INR)

| A. Contingent Liabilities | March 31, 2019 | March 31, 2018 |
|---|---|---|
| **i. Claim against the company not acknowledged as debt** | | |
| (a)Rashtriya General Kamgar Sena V/s 3i Infotech Consultancy Services Ltd. & Others | Unacertainable | Unacertainable |
| (b)Disputed Income Tax matter (including interest upto the date of demand) | 21,344,113 | 27,125,113 |

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# 3I INFOTECH CONSULTANCY SERVICES LIMITED
# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**24. 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 Holdings Private Limited | Fellow Subsidiary | Mauritius |
| 3i Infotech (Africa) Limited | Fellow Subsidiary | Kenya |
| 3i Infotech (Middle East) FZ LLC | Fellow Subsidiary | UAE |
| 3i Infotech (Thailand) Limited | Fellow Subsidiary | Thailand |
| 3i Infotech (UK) Limited | Fellow Subsidiary | UK |
| 3i Infotech (Western Europe) Group Limited | Fellow Subsidiary | UK |
| 3i Infotech (Western Europe) Holdings Limited | Fellow Subsidiary | UK |
| Rhyme Systems Limited | Fellow Subsidiary | UK |
| 3i Infotech Asia Pacific Pte Limited | Fellow Subsidiary | Singapore |
| 3i Infotech Inc | Fellow Subsidiary | USA |
| 3i Infotech Saudi Arabia LLC | Fellow Subsidiary | KSA |
| 3i Infotech SDN BHD | Fellow Subsidiary | Malaysia |
| 3i Infotech (Cyprus) Limited (formerly known as Black-Barret Holdings Limited) | Fellow Subsidiary | Cyprus |
| 3i Infotech Services SDN BHD | Fellow Subsidiary | Malaysia |
| Elegon Infotech Limited | Fellow Subsidiary | China |
| 3i Infotech (South Africa) (Pty) Limited | Fellow Subsidiary | RSA |
| Locuz Inc. | Fellow Subsidiary | USA |
| Professional Access Software Development Private Limited | Fellow Subsidiary | India |
| 3i Infotech BPO Limited | Fellow Subsidiary | India |
| Locuz Enterprise Solutions Limited | Fellow Subsidiary | India |
| IFRS Cloud Solutions Limited | Fellow Subsidiary | India |
| 3i Infotech Software Solutions LLC | Fellow Subsidiary | Dubai |

| Key Managerial Personnal (KMP) : | Designation |
|---|---|
| Mr. Padmanabhan Iyer | Director |
| Mr. Mrinal Ghosh | Director |
| Mr. Sagar Thakurdesai (resigned on October 26, 2018) | Director |
| Ms. Sreerupa Sengupta (appointed on October 26, 2018) | Director |

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# 3I INFOTECH CONSULTANCY SERVICES LIMITED
## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**(ii) Transactions with related parties**

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

| Name | Nature of Relationship | Nature of Transaction | March 31, 2019 | March 31, 2018 |
|---|---|---|---|---|
| 3i Infotech Limited | Holding Company | Income | 489,900,035 | 342,434,279 |
| | | Corporate Charges | 32,874,268 | 15,962,413 |
| | | Interest Expense | - | 33,342,388 |
| 3i Infotech BPO Limited | Fellow Subsidiary | Advance repaid | 2,648,620 | 2,889,739 |

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

| Name | Nature of Relationship | March 31, 2019 | March 31, 2018 |
|---|---|---|---|
| **3i Infotech Limited** | Holding Company | | |
| Trade receivable | | 195,344,681 | 405,115,135 |
| Unbilled revenue | | 3,773,051 | 3,037,500 |
| EMD | | 50,000,000 | 50,000,000 |
| Trade payable | | 21,721,120 | 29,588,596 |
| Interest Payable | | - | 48,993,403 |
| Financial Guarantee commission Payables | | 3,000,000 | 3,000,000 |
| **3i Infotech (Middle East) FZ LLC** | Fellow Subsidiary | | |
| Trade receivables | | - | 2,877,213 |
| **3i Infotech BPO Limited** | Fellow Subsidiary | | |
| Advance payable | | 45,714,392 | 48,363,012 |

**(iv) Loans from related parties**

| Name | Nature of Relationship | Particulars | March 31, 2019 | March 31, 2018 |
|---|---|---|---|---|
| **Loans from related parties** | | | | |
| 3i Infotech Limited | Holding Company | Loan at the beginning of the year | 166,816,763 | 166,816,763 |
| | | Loan adjusted against receivables | 166,816,763 | - |
| | | **Loan at the end of the year** | - | 166,816,763 |
| | | Interest at the beginning of the year | 30,027,019 | 15,013,509 |
| | | Interest charged | - | 16,681,678 |
| | | Interest Adjusted against receivables | 30,027,019 | - |
| | | TDS | - | 1,668,168 |
| | | **Interest receivable at the end of the year** | - | **30,027,019** |

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# 3I INFOTECH CONSULTANCY SERVICES LIMITED
## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

### 25. FAIR VALUE MEASUREMENTS

i. Financial Instruments by Category (Amount in INR)

| Particulars | Carrying Amount | | Fair Value | |
|---|---|---|---|---|
| | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 |
| **FINANCIAL ASSETS** | | | | |
| **Amortised cost** | | | | |
| Trade Receivables | 178,267,606 | 380,717,198 | 178,267,606 | 380,717,198 |
| Cash and Cash Equivalents | 2,334,617 | 1,669,323 | 2,334,617 | 1,669,323 |
| Other Financial Assets | 54,036,368 | 53,990,334 | 54,036,368 | 53,990,334 |
| **Total** | **234,638,591** | **436,376,855** | **234,638,591** | **436,376,855** |

| Particulars | Carrying Amount | | Fair Value | |
|---|---|---|---|---|
| | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 |
| **FINANCIAL LIABILITIES** | | | | |
| **Amortised cost** | | | | |
| Borrowings | - | 166,816,763 | - | 166,816,763 |
| Trade Payables | 6,664,316 | 5,152,729 | 6,664,316 | 5,152,729 |
| Other financial liabilities | 9,759,198 | 53,713,824 | 9,759,198 | 53,713,824 |
| **Total** | **16,423,514** | **225,683,316** | **16,423,514** | **225,683,316** |

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

The fair values for loans, security deposits and investments in preference shares were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the Fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The fair values of non current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

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**ii. Fair Value Hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measure at fair value. To provide an indication about the reliability of the inputs used in determing 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 fair value - recurring fair value measurement:**

| | March 31, 2019 | | | | March 31, 2018 | | | |
|---|---|---|---|---|---|---|---|---|
| | Fair value measurement using | | | | Fair value measurement using | | | |
| **Particulars** | **Quoted prices in active markets (Level 1)** | **Significant Observable Inputs (Level 2)** | **Significant Unobservable Inputs (Level 3)** | **Total** | **Quoted prices in active markets (Level 1)** | **Significant Observable Inputs (Level 2)** | **Significant Unobservable Inputs (Level 3)** | **Total** |
| **Financial Assets** | | | | | | | | |
| Loans | - | - | - | - | | | - | - |
| Security deposits | - | - | 50,000,000 | 50,000,000 | - | | 50,000,000 | 50,000,000 |
| **Total Financial Assets** | - | - | **50,000,000** | **50,000,000** | - | - | **50,000,000** | **50,000,000** |
| **Financial Liabilities** | | | | | | | | |
| Borrowing | - | - | - | - | - | - | - | - |
| **Total Financial Liabilities** | - | - | - | - | - | - | - | - |

**There have been no transfers among Level 1, Level 2 and Level 3 during the period**

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 (for example, traded bonds, over the counter derivatives) 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, contingent consideration and indemnification assets 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

**vi. 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 direclty to the chief financial officer (CFO) and the audit committte. Discussions of valuation processes and results are held between the CFO, AC and the valuation team at least once every three months, in line with the company's quarterly reporting periods.

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## 26. FINANCIAL RISK MANAGEMENT

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

**i. Market Risk**

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

**(a) Foreign currency exchange rate risk**

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

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

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

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

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

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

The following table set forth information relating to foreign currency exposure as at March 31,2019:

| Particulars | Foreign Currency | Amount in USD | Amount in INR |
|---|---|---|---|
| Total financial assets | USD | - | - |

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 NIL for the year ended March 31,2019

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

| Particulars | Foreign Currency | Amount in USD | Amount in INR |
|---|---|---|---|
| Total financial assets | USD | 44,386 | 2,877,213 |

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 28,772 for the year ended March 31,2018

**(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.

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## 3I INFOTECH CONSULTANCY SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**(1) Credit risk management**

**- Trade receivables and Unbilled revenues**

Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the company grants credit terms in the normal course of business.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables and unbilled revenue. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

**- Other Financials 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 182,433,486 (March 31, 2018: INR 384,707,532). The lifetime expected credit loss on customer balance for the year ended March 31, 2019 is 129,512 (March 31, 2018: NIL).

**Reconciliation of loss allowance provision - Trade receivables and Unbilled revenue**

(Amount in INR)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|---|---|
| **Balance at the beginning** | - | - |
| Impairment loss recognised/reversed | (129,512) | - |
| **Balance at the end** | **(129,512)** | - |

The carrying amount of cash and cash equivalents and other financial assets represents the maximum credit exposure. The maximum exposure to credit risk is INR 52,334,617 (March 31, 2018 : INR 51,669,323 ). The 12 months expected credit loss and lifetime expected credit loss on these financial assets for the year ended March 31, 2019 is NIL (March 31, 2018 : NIL)

**(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, 2019** (Amount in INR )

| Particulars | 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 | 6,664,316 | - | - | - | 6,664,316 |
| Borrowings | - | - | - | - | - |
| Other financial liabilities | 9,759,198 | - | - | - | 9,759,198 |
| **Total** | **16,423,514** | **-** | **-** | **-** | **16,423,514** |

**March 31, 2018** (Amount in INR )

| Particulars | 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 | 5,152,729 | - | - | - | 5,152,729 |
| Borrowings | 27,802,794 | 27,802,794 | 83,408,382 | 27,802,794 | 166,816,763 |
| Other financial liabilities | 53,713,824 | - | - | - | 53,713,824 |
| **Total** | **86,669,346** | **27,802,794** | **83,408,382** | **27,802,794** | **225,683,316** |

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3i Infotech Consultancy Services Ltd.

# 3I INFOTECH CONSULTANCY SERVICES LIMITED
# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(Amount in INR)

**27. 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, 2019 and March 31, 2018 .The column 'net amount' shows the impact on the company's balance sheet if all set-off rights were exercised.

| | Effects of offsetting on the balance sheet | | | Related amounts not offset | | |
|---|---|---|---|---|---|---|
| | Gross amount | Gross amounts set off in the balance sheet | Net amount presented in the balance sheet | Amounts subjects to master netting arrangements | Financial instruments collateral | Net amount |
| **March 31, 2019** | | | | | | |
| **Financial assets** | | | | | | |
| Trade receivables | 394,077,772 | (215,810,166) | 178,267,606 | - | - | **178,267,606** |
| **Total** | **394,077,772** | **(215,810,166)** | **178,267,606** | - | - | **178,267,606** |
| **Financial liabilities** | | | | | | |
| Interest Payable | 48,993,403 | 48,993,403 | - | - | - | - |
| Borrowings | 166,816,763 | 166,816,763 | - | - | - | - |
| **Total** | **215,810,166** | **215,810,166** | - | - | - | - |
| **March 31, 2018** | | | | | | |
| **Financial assets** | | | | | | |
| Trade receivables | 380,717,198 | - | 380,717,198 | - | - | **380,717,198** |
| **Total** | **380,717,198** | - | **380,717,198** | - | - | **380,717,198** |
| **Financial liabilities** | | | | | | |
| Interest Payable | 48,993,403 | - | 48,993,403 | - | - | **48,993,403** |
| Borrowings | 166,816,763 | - | 166,816,763 | - | - | **166,816,763** |
| **Total** | **215,810,167** | - | **215,810,166** | - | - | **215,810,166** |

# 3I INFOTECH CONSULTANCY SERVICES LIMITED

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**(Amount in INR)**

## 28. CAPITAL MANAGEMENT

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

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

| | March 31, 2019 | March 31, 2018 |
|---|---|---|
| Borrowings other than convertible preference shares | - | 166,816,763 |
| Trade payables | 6,664,316 | 5,152,729 |
| Other payables | 69,012,602 | 115,132,835 |
| Less: cash and cash equivalents | (2,334,617) | (1,669,323) |
| **Net Debt** | **73,342,301** | **285,433,004** |
| Equity | 224,767,711 | 216,232,807 |
| **Total Capital** | **224,767,711** | **216,232,807** |
| **Capital and net debt** | **298,110,011** | **501,665,811** |
| **Gearing ratio** | **25** | **57** |

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3i Infotech Consultancy Services Ltd.

# 3I INFOTECH CONSULTANCY SERVICES LIMITED
# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(Amount in INR)

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

| Particulars | March 31, 2019 | March 31, 2018 |
|---|---|---|
| Principal amount due to suppliers under MSMED Act, 2006* | 48,624 | - |
| 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, 2018: INR NIL)

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

**30.** 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.

**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. STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The amendment to standard issued up to the date of issuance of the Company's financial statements, but not yet effective as of the date of the Company's financial statements is disclosed below. The Company intends to adopt the amendment to standard when it becomes effective.

**Amendment to Ind AS 12 : Income Taxes**

On March 30, 2019, the Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, Income Taxes, in connection with accounting for dividend distribution taxes.

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The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

**Ind AS 12 (Appendix C) : Uncertainty over Income Tax Treatments**

On March 30, 2019, the Ministry of Corporate Affairs has notified Ind AS 12, Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition :

- Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight, and
- Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives. The effect on adoption of Ind AS 12 Appendix C would be insignificant in the standalone financial statements.

**Amendment to Ind AS 19 : Employee Benefits**

On March 30, 2019, the Ministry of Corporate Affairs issued amendments to Ind AS 19, Employee Benefits, in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity :

- To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- To recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment

**Ind AS 116 : Leases**

Ind AS 116, Leases : On March 30, 2019, the Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS116 will replace the existing leases standard, Ind AS 17,Leases, and related interpretations. The standard sets out the principles for the recognition, measurement, presentation anddisclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires the lessee to recognize assetsand liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently,operating lease expenses are charged to the Statement of Profitand Loss. The standard also contains enhanced disclosurerequirements for lessees. Ind AS 116 substantially carriesforward the lessor accounting requirements in Ind AS 17.The effective date for the adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition :

• Full retrospective – Retrospectively to each prior period presented applying Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors

• Modified retrospective – Retrospectively, with the cumulative effect of initially applying the standard recognized at the date of initial application

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as :

• Its carrying amount as if the standard had been applied since the commencement date, but discounted at the lessee's incremental borrowing rate at the date of initial application, or

• An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

33. 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**

**Padmanabhan Iyer**
**Chairman**
**DIN: 05282942**

**Mrinal Ghosh**
**Director**
**DIN:07232477**

**Navi Mumbai**
**Date : May 06,2019**