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 BPO LIMITED

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of **3I INFOTECH BPO LIMITED** ("*the Company*") which comprise the Balance Sheet as at March 31, 2020, 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, 2020, and its 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

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, the Board of Directors t 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 the Board of Directors 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

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

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) In our opinion, there are no financial transactions or matters which have any adverse effect on the functioning of the company.

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

g) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

h) There is no adverse remark relating to the maintenance of accounts and other matters connected therewith.

i) 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 24 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 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
UDIN : 20038755AAAABA6718

Place: Mumbai
Date: May 21,2020

Re: 3I INFOTECH BPO LIMITED

Annexure 'A' to the Independent Auditors' Report

(Referred to in paragraph 1 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. Therefore, the provisions of Clause 3 (iii) (a), (iii) (b) and (iii) (c) of the said order are not applicable to the Company.

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 and section 186 of the Companies Act, 2013.

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 explanations given to us and on the basis of examination of records, the Company is generally regular in depositing amounts deducted/ accrued in respect of undisputed statutory dues including provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues. As explained to us the Company did not have any dues on account of employees' state insurance and duties of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were in arrears except for Provident fund which amounts to Rs. 64,379 as at March 31, 2020 for a period 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 31,2020, 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
Employee's State Insurance Act, 1948	Employees State Insurance-(ESIC)	5,47,402	Tis Hazeri Court, New Delhi	2006 to 2007
Income Tax Act, 1961	Income Tax	4,712,076	Commissioner of Income Tax Appeals	2009-2010
Income Tax Act, 1961	Income Tax	9,05,891	Commissioner of Income Tax Appeals	2012-2013
Income Tax Act, 1961	Income Tax	17,47,624	Commissioner of Income Tax Appeals	2013-2014

viii. As per Supplementary Restructuring Agreement in terms of Debt Restructuring Scheme to the Master Restructuring Agreement dated 30th March, 2012 held between 3i Infotech Limited, Holding company and the Lenders, dues repayable to the financial institution by the company had recognized in the Holding Company. The Company does not have any dues to the Government or Debenture Holders.

ix. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year or in the recent past. The company does not have any term loan.

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. According to the information and explanation given to us the company is not a Nidhi Company. Therefore the provisions of clause (xii) of paragraph 3 of the Order are not applicable to the company.

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

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 Ind AS 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 25 to the Ind AS financial statements.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, the provisions of clause 3(xiv) of the Order are not applicable to the Company.

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)

(CA S. Maheshwari)
Partner
Membership No.: 038755
UDIN : 20038755AAAABA6718

Place : Mumbai
Date : May 21,2020

Re: 3I INFOTECH BPO LIMITED

Annexure – 'B' to the Auditors' Report

(Report on the Internal Financial Controls under Clause (i) 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 BPO Limited**" ("the Company") as of March 31, 2020 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

GMJ & CO. CHARTERED ACCOUNTANTS FRN NO. 103429W

(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 31,2020, 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
UDIN : 20038755AAAABA6718

Place : Mumbai
Date : May 21, 2020

3i INFOTECH BPO LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31,2020

3i INFOTECH BPO LIMITED
BALANCE SHEET AS AT MARCH 31, 2020

(Amount in INR)

Particulars	Notes	March 31, 2020	March 31, 2019
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	3	26,07,593	40,93,155
(a.1) Right to use assets	3	1,50,842	-
(b) Financial Assets			
(i) Other Financial Assets	4	20,54,45,260	23,05,14,885
(c) Deferred Tax Asset (Net)	5	91,76,000	1,06,52,108
(d) Other Non-Current Assets	6	13,19,65,082	10,85,73,007
		34,93,44,777	**35,38,33,155**
Current assets			
(a) Financial Assets			
(i) Trade Receivables	7	4,80,39,961	4,52,45,281
(ii) Cash and Cash Equivalents	8	2,25,33,210	2,25,66,504
(iii) Other Financial Assets	4	4,05,40,913	3,95,40,514
(b) Other Current Assets	6	1,85,72,589	2,14,62,230
		12,96,86,673	**12,88,14,529**
TOTAL		**47,90,31,450**	**48,26,47,684**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	9	10,00,000	10,00,000
(b) Other Equity	10	43,14,50,729	41,36,58,483
Total Equity		**43,24,50,729**	**41,46,58,483**
Liabilities			
Non Current Liabilities			
(a) Provisions	11	72,94,268	87,13,453
		72,94,268	**87,13,453**
Current Liabilities			
(a) Financial Liabilities			
(i) Trade Payables	12		
Micro, Small and Medium Enterprises		9,57,952	12,81,056
Others		1,94,06,418	3,46,76,990
(ii) Lease Liabilities (IND AS116)		1,62,766	-
(iii) Other Financial Liabilities	13	67,68,061	94,94,643
(b) Other Current Liabilities	14	1,10,64,218	1,17,63,335
(c) Provisions	11	9,27,038	20,59,724
		3,92,86,453	**5,92,75,748**
TOTAL		**47,90,31,450**	**48,26,47,684**

Significant Accounting Policies and Notes forming part of the Financial Statements 1 to 34

As per our report of even date attached

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

S. Maheshwari
Partner
M.No.: 038755
UDIN : 20038755AAAABA6718

Navi Mumbai
Date : May 21, 2020

For and on behalf of the board

Padmanabhan Iyer
Chairman
DIN: 05282942

Ajay Kumar
Director
DIN:07652605

Navi Mumbai
Date : May 21, 2020

3i INFOTECH BPO LIMITED

3i INFOTECH BPO LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(Amount in INR)

Particulars	Notes	2019-20	2018-19
REVENUE			
Revenue from operations (net)	15	48,97,94,935	45,44,63,112
Other income	16	2,24,37,137	2,54,04,700
Total Revenue (I)		**51,22,32,072**	**47,98,67,812**
EXPENSES			
Employee benefits expense	17	25,56,18,350	24,27,79,317
Cost of third party products and services	18	18,22,46,294	16,24,80,476
Finance costs	19	93,751	70,582
Depreciation and amortization expense	20	20,01,627	13,34,065
Other expenses	21	5,19,49,921	5,27,97,227
Total Expenses (II)		**49,19,09,943**	**45,94,61,667**
Profit/(loss) before exceptional items and tax (I-II)		**2,03,22,129**	**2,04,06,145**
Exceptional Items			
Profit/(loss) before tax		**2,03,22,129**	**2,04,06,145**
Tax expense:			
Current tax		44,28,000	36,06,000
Adjustment of tax relating to earlier periods		(11,70,862)	38,01,268
Deferred tax		9,17,017	39,57,000
Profit/(loss) for the period		**1,61,47,974**	**90,41,878**
A. Other Comprehensive income not to be reclassified to profit and loss in subsequent periods:			
Remeasurement of gains (losses) on defined benefit plans		22,21,435	(10,31,185)
Income tax effect		(5,59,091)	2,68,108
Other Comprehensive income for the year, net of tax		16,62,344	(7,63,077)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**1,78,10,318**	**82,78,801**
Earnings per share for profit attributable to equity shareholders	22		
Basic EPS		161.48	90.42
Dilluted EPS		161.48	90.42

Significant Accounting Policies and Notes forming part of the Financial Statements 1 to 34

As per our report of even date attached

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

S. Maheshwari
Partner
M.No.: 038755
UDIN : 20038755AAAABA6718

Navi Mumbai
Date : May 21, 2020

For and on behalf of the board

Padmanabhan Iyer
Chairman
DIN: 05282942

Ajay Kumar
Director
DIN:07652605

Navi Mumbai
Date : May 21, 2020

3i INFOTECH BPO LIMITED

3i INFOTECH BPO LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

(Amount in INR)

Particulars	Notes	For the year ended March 31,2020	For the year ended March 31,2019
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit/(Loss) before income tax from:		2,03,22,129	2,04,06,144
Adjustments for:			
Depreciation and amortisation expense		20,01,627	13,34,065
Interest income		(1,94,34,715)	(2,33,06,660)
Allowance for doubtful debts and advances		(37,983)	1,47,385
Finance costs		36,502	-
Change in operating assets and liabilities:			
(Increase)/Decrease in trade receivables		(27,56,697)	(1,44,63,742)
Increase/(decrease) in trade payables		(1,55,93,677)	(8,23,59,115)
(Increase) in other financial assets		4,35,03,940	15,63,52,307
(Increase) in other current assets		28,89,641	(6,94,516)
Increase/(decrease) in other financial liability		(27,26,582)	(59,31,956)
Increase in employee benefit obligations		(3,30,436)	10,75,118
Increase in other current liabilities		(6,99,116)	(1,96,29,128)
Cash generated from operations		**2,71,74,634**	**3,29,29,903**
Less: Income taxes paid		(2,66,49,213)	(3,79,47,889)
Net Cash from / (used in) Operating Activities before Exceptional item		**5,25,421**	**(50,17,986)**
Exceptional Item		-	-
Net cash inflow from operating activities		**5,25,421**	**(50,17,986)**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for property, plant and equipment		(48,199)	(37,31,150)
Net cash outflow from investing activities		**(48,199)**	**(37,31,150)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of Lease rental		(5,10,516)	-
Net cash inflow (outflow) from financing activities		**(5,10,516)**	-
Net increase (decrease) in cash and cash equivalents		(33,294)	(87,49,136)
Cash and Cash Equivalents at the beginning of the financial year		2,25,66,504	3,13,15,640
Effects of exchange rate changes on Cash and Cash Equivalents			-
Cash and Cash Equivalents at end of the year		**2,25,33,210**	**2,25,66,504**

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 34

As per our report of even date attached

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

S. Maheshwari
Partner
M.No.: 038755
UDIN : 20038755AAAABA6718

Navi Mumbai
Date : May 21, 2020

For and on behalf of the board

Padmanabhan Iyer
Chairman
DIN: 05282942

Ajay Kumar
Director
DIN:07652605

Navi Mumbai
Date : May 21, 2020

3i INFOTECH BPO LIMITED

3i INFOTECH BPO LIMITED
STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2020

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, 2019			
Numbers	1,00,000	-	1,00,000
Amount	10,00,000	-	10,00,000
March 31, 2020			
Numbers	1,00,000	-	1,00,000
Amount	10,00,000	-	10,00,000

B Other Equity

(Amount in INR)

Reserves and Surplus			
Particulars	**Securities Premium Reserve**	**Retained Earnings**	**Total other equity**
As at April 01, 2018	**50,74,75,152**	**(10,20,95,470)**	**40,53,79,682**
Profit for the period		90,41,878	90,41,878
Other comprehensive income		(7,63,077)	(7,63,077)
Total comprehensive income for the period	-	82,78,801	82,78,801
As at March 31, 2019	**50,74,75,152**	**(9,38,16,669)**	**41,36,58,483**
Profit for the period	-	1,61,47,974	1,61,47,974
Other comprehensive income	-	16,62,344	16,62,344
Lease Transition effect		(18,072)	(18,072)
Total comprehensive income for the period	-	**1,77,92,246**	**1,77,92,246**
As at March 31, 2020	**50,74,75,152**	**(7,60,24,423)**	**43,14,50,729**

Significant Accounting Policies and Notes forming part of the Financial Statements 1 to 34

As per our report of even date attached

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

S. Maheshwari
Partner
M.No.: 038755
UDIN : 20038755AAAABA6718

Navi Mumbai
Date : May 21, 2020

For and on behalf of the board

Padmanabhan Iyer
Chairman
DIN: 05282942

Ajay Kumar
Director
DIN:07652605

Navi Mumbai
Date : May 21, 2020

3i INFOTECH BPO LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

1 Corporate Information

3i Infotech BPO Limited (referred to as "the Company") is a engaged in Business process outsourced service.
The Company is a public limited Company incorporated and domiciled in India.The registered office of the company is located at E-1, Lower Ground Floor Jhandewala Extension New Delhi -110055

The financial statements for the year ended March 31,2020 were approved by the Board of Directors and authorised for issue on May 21,2020.

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 5

(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.

3i INFOTECH BPO LIMITED

d) Revenue Recognition

The Company earns primarily from providing Transaction services.

IND AS 115

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.

• 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. 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.

f) Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers all relevant facts and circumstances that create an economic incentive for the Company to excericise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics (Refer note 31).

Leases Accounting policy

The Company as a lessee

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether : (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

3i INFOTECH BPO LIMITED

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the 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.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option.ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

Lease liability and ROU assets have been separately presented in the Balance Sheet. and lease payments have been classified as financing cash flows.

The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the ROU asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

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 or loss. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

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

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

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

3i INFOTECH BPO LIMITED

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

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

Deferred income taxes

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

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

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

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

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

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future economic tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

The Company recognises interest levied and penalties related to income tax assessments in finance costs.

j) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

(ii) Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

3i INFOTECH BPO LIMITED

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

- Debt instrument at FVTOCI

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

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

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

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

- Debt instrument at FVTPL

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

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

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

- Equity investments

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

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

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

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

Derecognition

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

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash 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.

3i INFOTECH BPO LIMITED

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

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

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 27 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.

3i INFOTECH BPO LIMITED

- **Financial guarantee contracts**

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

Derecognition

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

(iv) Reclassification of financial assets

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

(v) Offsetting of financial instruments

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

k) Property, plant and equipment

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

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

Depreciation methods, estimated useful lives and residual value

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

Category of Assets	Useful lives adopted by Company	Useful Lives prescribed under Schedule II of the 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).

3i INFOTECH BPO LIMITED

l) Impairment

(i) Financial assets (other than at fair value)

The Company assesses at each date of Balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and/or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk or the financial asset has increased significantly since initial recognition.

(ii) Non-financial assets

Tangible and intangible assets

Property, plant and equipment and intangible assets within finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

m) Employee benefits

(i) Short-term obligations

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

(ii) Other long-term employee benefit obligations

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

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

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

(a) defined benefit plans such as gratuity; and

(b) defined contribution plans such as provident fund.

- **Gratuity obligations**

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

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

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

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

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

3i INFOTECH BPO LIMITED

- **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.

n) Trade and other payables

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

o) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

p) Provisions

General

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

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

q) Contingent liabilities recognised in a business combination

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

r) Contributed equity

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

s) 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.

t) 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

3i INFOTECH BPO LIMITED

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after income tax effect of interest and other financing costs associated with dilutive potential equity
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

u) 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.

v) Cash Flow Statement

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

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.

3i INFOTECH BPO LIMITED

3i INFOTECH BPO LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

3. PROPERTY, PLANT AND EQUIPMENT

(Amount in INR)

Particulars	Computer Hardwares	Office Equipments	Total
GROSS CARRYING VALUE			
As at April 01, 2018	**1,27,90,632**	**4,37,798**	**1,32,28,430**
Additions	36,74,050	57,100	37,31,150
Disposals/Deletion	(13,74,263)	-	(13,74,263)
As at March 31, 2019	1,50,90,419	4,94,901	1,55,85,320
Additions	37,999	10,200	48,199
Disposals/Deletion	-	-	-
As at March 31, 2020	**1,51,28,418**	**5,05,101**	**1,56,33,519**
ACCUMULATED DEPRECIATION/IMPAIRMENT			
As at April 1, 2018	1,11,41,263	3,91,098	1,15,32,361
Depreciation for the year	13,15,155	18,910	13,34,065
Deductions\Adjustments during the period\deletion	(13,74,263)	-	(13,74,264)
As at March 31, 2019	**1,10,82,157**	**4,10,008**	**1,14,92,165**
Depreciation for the year	15,05,318	28,443	15,33,761 -
As at March 31, 2020	**1,25,87,475**	**4,38,451**	**1,30,25,926**
Net Carrying value as at March 31, 2020	**25,40,943**	**66,650**	**26,07,593**
Net Carrying value As at March 31, 2019	**40,08,262**	**84,893**	**40,93,155**

Particulars	Right-To-Use Assets
GROSS CARRYING VALUE	
As at April 01, 2018	-
Additions	-
Disposals	-
As at March 31, 2019	-
Additions	6,18,708
Disposals	-
As at March 31, 2020	**6,18,708**
ACCUMULATED DEPRECIATION/IMPAIRMENT	
As at April 1, 2018	-
Depreciation for the year	-
As at March 31, 2019	-
Depreciation for the year	4,67,866
As at March 31, 2020	**4,67,866**
Net Carrying value as at March 31, 2020	**1,50,842**
Net Carrying value As at March 31, 2019	-

3i INFOTECH BPO LIMITED

3i INFOTECH BPO LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

4. FINANCIAL ASSETS

(Amount in INR)

Particulars	March 31, 2020	March 31, 2019
OTHER FINANCIAL ASSETS		
Non Current		
Loans to Related Parties	20,52,16,261	23,02,85,886
Financial assets carried at amortised cost		
Security Deposits	2,28,999	2,28,999
Total	**20,54,45,260**	**23,05,14,885**
Current		
Financial assets carried at amortised cost		
Security Deposits	19,48,012	38,58,012
Unbilled Revenue	3,89,37,937	3,65,94,749
Interest Accrued but not due from Related parties	16,02,976	16,56,765
Less: Loss Allowances (Security deposit)	(19,48,012)	(25,69,012)
Total	**4,05,40,913**	**3,95,40,514**

5. INCOME TAX

(Amount in INR)

Particulars	March 31, 2020	March 31, 2019
Deferred tax relates to the following:		
Fixed Assets	4,75,000	4,33,000
Expenses allowable on payment basis	87,01,000	1,02,19,108
Net Deferred Tax Assets / (Liabilities)	**91,76,000**	**1,06,52,108**

3i INFOTECH BPO LIMITED

3i INFOTECH BPO LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

Particulars	March 31, 2020	March 31, 2019
Opening balance as of April 1	1,06,52,108	1,43,41,000
Tax income/(expense) during the period recognised in profit or loss	(9,17,017)	(39,57,000)
Tax income/(expense) during the period recognised in OCI	(5,59,091)	2,68,108
Closing balance as at March 31	**91,76,000**	**1,06,52,108**

Major Components of income tax expense for the years ended March 31, 2020 and March 31, 2019 are as follows:

i. Income tax recognised in profit or loss

Particulars	2019-20	2018-19
Current income tax charge	44,28,000	36,06,000
Adjustment in respect of current income tax of previous year	(11,70,862)	38,01,268
Deferred tax		
Relating to origination and reversal of temporary differences	9,17,017	39,57,000
Income tax expense recognised in profit or loss	**41,74,155**	**1,13,64,268**

ii. Income tax recognised in OCI

Particulars	March 31, 2020	March 31, 2019
Net loss/(gain) on remeasurements of defined benefit plans	(5,59,091)	2,68,108
Income tax expense recognised in OCI	**(5,59,091)**	**2,68,108**

iii. Amounts recognised directly in equity

Particulars	March 31, 2020	March 31, 2019
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, 2020 and March 31, 2019

Particulars	March 31, 2020	March 31, 2019
Profit before tax as per IND AS	**2,03,22,128**	**2,04,06,145**
Enacted tax rate in India	25.17%	26.00%
Income tax on accounting profits	**51,14,673**	**53,05,598**
Change in Tax Rate	3,32,305	22,74,147
other Adjustment	(1,01,961)	(16,745)
Adjustment in respect of current income tax of previous year	(11,70,862)	38,01,268
Tax at effective income tax rate	**41,74,155**	**1,13,64,267**

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 effective tax rate for fiscal 2020 and fiscal 2019 was 25.17% and 26%, respectively. Effective tax rate is generally influenced by various factors, including differential tax rates, nondeductible expenses, exempt non-operating income, tax reversals and provisions, and other tax deductions.

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.

3i INFOTECH BPO LIMITED

3i INFOTECH BPO LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

6. OTHER ASSETS

(Amount in INR)

Particulars		March 31, 2020	March 31, 2019
Non Current			
Others			
- Payment of Taxes (Net of Provisions)		13,19,65,082	10,85,73,007
	Total	**13,19,65,082**	**10,85,73,007**
Current			
Advances other than Capital advances			
- Advances to creditors		10,94,364	6,62,307
- Other Advances		1,37,160	1,70,544
Others			
- Prepaid expenses		0	3,62,260
- Balances with Statutory, Government Authorities		1,73,41,065	2,02,67,119
	Total	**1,85,72,589**	**2,14,62,230**

7. TRADE RECEIVABLES

(Amount in INR)

Particulars		March 31, 2020	March 31, 2019
Current			
Trade Receivables from customers		4,73,92,264	4,44,04,664
Receivables from other related parties		6,47,696	8,40,617
	Total	**4,80,39,961**	**4,52,45,281**
Breakup of Security details			
Unsecured, considered good		4,80,39,961	4,52,45,281
Credit Impaired		41,65,094	42,03,076
		5,22,05,054	**4,94,48,357**
Impairment Allowance (allowance for bad and doubtful debts)			
Unsecured, considered good		-	-
Credit Impaired		41,65,094	42,03,076
		41,65,094	**42,03,076**
	Total	**4,80,39,961**	**4,52,45,281**

8. CASH AND CASH EQUIVALENTS

(Amount in INR)

Particulars		March 31, 2020	March 31, 2019
Balances with banks:			
- On current accounts		2,25,33,210	2,25,66,504
	Total	**2,25,33,210**	**2,25,66,504**

3i INFOTECH BPO LIMITED

3i INFOTECH BPO LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

9. SHARE CAPITAL

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

Particulars	Equity Share	
	Number	Amount
At April 01, 2018	1,00,000	10,00,000
Increase/(decrease) during the year	-	-
At March 31, 2019	1,00,000	10,00,000
Increase/(decrease) during the year	-	-
At March 31, 2020	**1,00,000**	**10,00,000**

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, 2018	1,00,000	10,00,000
Issued during the period	-	-
At March 31, 2019	1,00,000	10,00,000
Issued during the period	-	-
At March 31, 2020	**1,00,000**	**10,00,000**

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, 2020	At March 31, 2019
3i Infotech Limited (The Holding company) and by its nominees Equity shares	1,00,000	1,00,000

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

Name of the shareholder	At March 31, 2020		At March 31, 2019	
	Number	% holding	Number	% holding
Equity shares of INR 10 each fully paid				
3i Infotech Limited (The Holding company) and by its nominees	1,00,000	100%	1,00,000	100%

3i INFOTECH BPO LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

10. OTHER EQUITY

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

Particulars	March 31, 2020	March 31, 2019
Securities Premium Reserve	50,74,75,152	50,74,75,152
Retained Earnings	(7,60,24,423)	(9,38,16,669)
Total	**43,14,50,729**	**41,36,58,483**

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

Particulars	March 31, 2020	March 31, 2019
Opening balance	50,74,75,152	50,74,75,152
Add/(Less):	-	
Closing balance	**50,74,75,152**	**50,74,75,152**

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

Particulars	March 31, 2020	March 31, 2019
Opening balance	(9,38,16,669)	(10,20,95,470)
Net Profit/(Loss) for the period	1,61,47,974	90,41,878
Add/(Less):		
Items of Other Comprehensive Income directly recognised in Retained Earnings	(18,072)	-
Remeasurement of post employment benefit obligation, net of tax	16,62,344	(7,63,077)
Closing balance	**(7,60,24,423)**	**(9,38,16,669)**

3i INFOTECH BPO LIMITED

3i INFOTECH BPO LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

11. PROVISIONS

(Amount in INR)

Particulars	March 31, 2020	March 31, 2019
Non Current		
Provision for employee benefits		
Gratuity	72,94,268	87,13,453
Total	**72,94,268**	**87,13,453**
Current		
Provision for employee benefits		
Gratuity	5,38,810	12,81,574
Leave encashment	3,88,228	7,78,150
Total	**9,27,038**	**20,59,724**

3i INFOTECH BPO LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

12. TRADE PAYABLES

(Amount in INR)

Particulars	March 31, 2020	March 31, 2019
Current		
Trade Payables to Micro, Small and Medium Enterprises (Note No.32)	9,57,952	12,81,056
Trade Payables to Related Parties	1,19,57,950	1,19,57,950
Trade Payables to Others	74,48,467	2,27,19,040
Total	**2,03,64,369**	**3,59,58,046**

13. OTHER FINANCIAL LIABILITIES

(Amount in INR)

Particulars	March 31, 2020	March 31, 2019
Current		
Financial Liabilities at amortised cost		
Dues to employees	67,68,061	94,94,643
Total	**67,68,061**	**94,94,643**

14. OTHER LIABILITIES

(Amount in INR)

Particulars	March 31, 2020	March 31, 2019
Current		
Advance received from Customers	13,86,273	19,44,696
Advance received from Related parties	10,87,661	10,87,661
Others		
Statutory Liabilities	54,06,919	55,46,923
Others	31,83,365	31,84,055
Total	**1,10,64,218**	**1,17,63,335**

3i INFOTECH BPO LIMITED

3i INFOTECH BPO LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

15. REVENUE FROM OPERATIONS

(Amount in INR)

Particulars	2019-20	2018-19
Revenue from Operation		
Transaction service	48,97,94,935	45,44,63,112
Total	**48,97,94,935**	**45,44,63,112**

16. OTHER INCOME

(Amount in INR)

Particulars	2019-20	2018-19
Interest income on		
Loans to related parties	1,94,34,715	2,33,06,660
Others	30,01,280	20,46,540
Other Non Operating Income (Net of expenses directly attibutable to such income)		-
Miscellaneous Income	1,142	51,500
Total	**2,24,37,137**	**2,54,04,700**

17. EMPLOYEE BENEFITS EXPENSE

(Amount in INR)

Particulars	2019-20	2018-19
Salaries, wages and bonus	22,61,43,350	21,53,60,307
Contribution to provident and other funds	2,53,55,385	2,17,58,983
Staff welfare expenses	9,23,015	34,36,690
Gratuity Expense	24,24,099	20,94,693
Recruitment and training expenses	7,72,501	1,28,644
Total	**25,56,18,350**	**24,27,79,317**

18. COST OF THIRD PARTY PRODUCTS AND SERVICES

(Amount in INR)

Particulars	2019-20	2018-19
Cost of third party products / outsourced services		
For own use		
Service delivery to clients	18,22,46,294	16,24,80,476
Total	**18,22,46,294**	**16,24,80,476**

19. FINANCE COST

(Amount in INR)

Particulars	2019-20	2018-19
Interest Expense - Lease Liabilities (IndAS116)	36,502	-
Other borrowing costs		-
Others	57,249	70,582
Total	**93,751**	**70,582**

3i INFOTECH BPO LIMITED

3i INFOTECH BPO LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

20. DEPRECIATION AND AMORTISATION EXPENSE

(Amount in INR)

Particulars	2019-20	2018-19
Depreciation on tangible assets	15,33,761	13,34,065
Depreciation on right to use assets	4,67,866	-
Total	**20,01,627**	**13,34,065**

21. OTHER EXPENSES

(Amount in INR)

Particulars	2019-20	2018-19
Electric power, fuel and water	4,32,113	4,50,626
Insurance	11,49,863	11,53,635
Legal and professional fees	4,21,73,992	2,25,71,037
Rates and taxes	22,183	1,84,028
Rent	(13,42,284)	1,68,38,703
Hire Charges	28,40,215	74,33,803
Repairs and maintenance - Others	76,647	20,622
Telephone and internet expenses	27,60,401	12,53,048
Travelling & conveyance expenses	13,07,226	8,47,234
Allowance for doubtful debts and advances	(37,983)	1,47,385
Foreign exchange fluctuation loss	31,918	34,834
Miscellaneous expenses	25,35,631	18,62,273
Total	**5,19,49,921**	**5,27,97,227**

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

Particulars	2019-20	2018-19
As auditor		
Audit Fee	4,00,000	4,00,000
Tax audit fee	1,00,000	1,00,000
In other capacity		
Other services (certification fees)	25,000	-
Re-imbursement of expenses	25,000	10,872
Total	**5,50,000**	**5,10,872**

(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.

(c) Earnings in foreign currency (Amount in INR)

Particulars	2019-20	2018-19
Income from Operations	-	13,37,397
Total	-	**13,37,397**

3i INFOTECH BPO LIMITED

3i INFOTECH BPO LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

22. EARNINGS PER SHARE

(Amount in INR)

Particulars	March 31, 2020	March 31, 2019
(a) Basic earnings per share	**161.48**	**90.42**
(b) Diluted earnings per share	**161.48**	**90.42**
(c) Reconciliations of earnings used in calculating earnings per share		
Basic earnings per share		
Profit attributable to the equity holders of the company used in calculating basic earnings per share	1,61,47,974	90,41,878
Diluted earnings per share		
Profit attributable to the equity holders of the company used in calculating diluted earnings per share	1,61,47,974	90,41,878
(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	1,00,000	1,00,000
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	**1,00,000**	**1,00,000**

CHARTERED ACCOUNTANTS

3i INFOTECH BPO LIMITED

3i INFOTECH BPO LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

23. EMPLOYEE BENEFIT OBLIGATIONS

(Amount in INR)

Particulars	March 31, 2020			March 31, 2019		
	Current	Non Current	Total	Current	Non Current	Total
Leave obligations	3,88,228	-	3,88,228	7,78,150	-	7,78,150
Gratuity	5,38,810	72,94,268	78,33,078	12,81,574	87,13,453	99,95,027
Total Employee Benefit Obligation	**9,27,038**	**72,94,268**	**82,21,306**	**20,59,724**	**87,13,453**	**1,07,73,177**

(i) Leave Obligations

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

The amount of the provision of INR 388,228 (March 31, 2019: INR 778,150) 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	77,00,209	-	**77,00,209**
Current service cost	15,02,198		15,02,198
Interest expense/(income)	5,92,495		5,92,495
Total amount recognised in profit or loss	**97,94,902**		**97,94,902**
Remeasurements			-
(Gain)/Loss from change in demographic assumptions	(1,10,769)		(1,10,769)
(Gain)/Loss from change in financial assumptions	5,53,718		5,53,718
Experience (gains)/losses	5,88,236		5,88,236
Total amount recognised in other comprehensive income	**10,31,185**		**10,31,185**
Benefit payments	**(8,31,060)**		**(8,31,060)**
As at March 31, 2019	**99,95,027**	-	**99,95,027**
Current service cost	17,32,979		17,32,979
Interest expense/(income)	6,91,120	-	6,91,120
Total amount recognised in profit or loss	**1,24,19,126**	-	**1,24,19,126**
Remeasurements			
(Gain)/Loss from change in demographic assumptions	(28,14,733)	-	(28,14,733)
(Gain)/Loss from change in financial assumptions	(12,757)		(12,757)
Experience (gains)/losses	6,06,054		6,06,054
Total amount recognised in other comprehensive income	**(22,21,436)**	-	**(22,21,436)**
Benefit payments	**(23,64,613)**		**(23,64,613)**
As at March 31, 2020	**78,33,077**	-	**78,33,077**

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

Particulars	March 31, 2020	March 31, 2019
Present value of obligations	78,33,078	99,95,027
Fair value of plan assets	-	-
Deficit of unfunded gratuity plan	**78,33,078**	**99,95,027**

3i INFOTECH BPO LIMITED

3i INFOTECH BPO LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

The significant actuarial assumptions were as follows:

Particulars	March 31,2020	March 31,2019
Discount rate	5.60%	6.90%
Expected return on plan assets		
Salary growth rate		
For first 3 years	1.00%	3.00%
After 3 years	1.00%	2.00%
Withdrawal rate		
Upto 4 years	75.00%	50.00%
5 years and above	4.00%	10.00%
Mortality rate	100%	100%

A quantitative sensitivity analysis for significant assumption as at March 31, 2020 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, 2020						
Impact on defined benefit obligation	70,40,546	87,81,284	88,18,058	70,00,103	82,21,912	74,67,130
% Impact	-10.10%	12.10%	12.60%	-10.60%	5.00%	-4.70%
March 31, 2019						
Impact on defined benefit obligation	93,70,065	1,07,00,517	1,07,26,303	93,38,136	1,00,72,226	93,72,069
% Impact	-6.30%	7.10%	7.30%	-6.60%	0.80%	-6.20%

Assumptions	Mortality rate	
Sensitivity Level	10% Increase	10% Decrease
March 31, 2020		
Impact on defined benefit obligation	78,45,428	78,20,680
% Impact	0.20%	-0.20%
March 31, 2019		
Impact on defined benefit obligation	1,00,00,915	99,89,124
% Impact	0.10%	-0.10%

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 10 years (March 31, 2019:6 years)

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

Particulars	March 31, 2020	March 31, 2019
1 year	5,38,810	12,81,574
2 to 5 years	21,64,408	42,93,186
6 to 10 years	23,02,842	37,90,835
More than 10 years	1,01,84,460	60,98,483

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 18,515,451 (March 31, 2019: INR 12,621,080)

3i INFOTECH BPO LIMITED

3i INFOTECH BPO LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

24. COMMITMENTS AND CONTINGENCIES

(Amount in INR)

Contingent Liabilities	March 31, 2020	March 31, 2019
i. Claim against the company not acknowledged as debt		
(a) Disputed ESIC matter (including interest upto the date of demand)	5,47,402	5,47,402
(b) Disputed Income Tax matter (including interest upto the date of demand)	73,65,577	73,65,577
ii. Guarantees excluding financial guarantees		
(a) Corporate Guarantee(Secured with first charge on all present and future movable assets (except current assets) and second charge on current assets of the Company has been created in favour of CDR lenders of holding company as per Master Restructuring Agreement(MRA) entered by the holding company with its CDR lenders.)	Not ascertainable	Not ascertainable

3i INFOTECH BPO LIMITED

3i INFOTECH BPO LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

25. 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. (ceased to be subsidiary from November 1, 2019)	Fellow Subsidiary	USA
Professional Access Software Development Private Limited	Fellow Subsidiary	India
3i Infotech Consultancy Services Limited	Fellow Subsidiary	India
Locuz Enterprise Solutions Limited (Ceased to be subsidiary from November 1, 2019)	Fellow Subsidiary	India
IFRS Cloud Solutions Limited (stuck off on November 28, 2019)	Fellow Subsidiary	India
3i Infotech Software Solutions LLC	Fellow Subsidiary	Dubai
3i Infotech (Canada) Inc	Fellow Subsidiary	Canada
3i Infotech Nigeria Limited	Fellow Subsidiary	Nigeria
3i Infotech Netherland B.V.	Fellow Subsidiary	Netherland

Key Managerial Personnal (KMP) :	Designation
Mr. Padmanabhan Iyer	Director
Ms. Sreerupa Sengupta (appointed on October 26, 2018)	Director
Mr. Ajay Kumar	Director

3i INFOTECH BPO LIMITED

3i INFOTECH BPO LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(ii) Transactions with related parties

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

Name	Nature of Relationship	Nature of Transaction	March 31, 2020	March 31, 2019
3i Infotech Limited	Holding Company	Income	89,44,168	95,20,808
		Expenses (Corp charge out)	16,16,13,683	14,47,47,641
		Expenses - Infrastructure	1,56,00,000	1,56,00,000
		Interest income on advance given	1,94,34,715	2,33,06,660
		Advance given	2,28,73,881	5,19,39,841
3i Infotech Consultancy Services Limited	Fellow Subsidiary	Advance repaid	21,95,743	26,48,620
3i Infotech Inc Limited	Fellow Subsidiary	Income	-	13,66,700
		Advance Repaid	-	14,28,072
3i Infotech (Middle East) FZ LLC	Fellow Subsidiary	Advance Repaid	-	16,69,683

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

Name	Nature of Relationship		March 31, 2020	March 31, 2019
3i Infotech Limited	Holding Company			
Interest receivable			16,02,976	16,56,765
Loan			14,97,39,664	17,26,13,546
3i Infotech Consultancy Services Limited	Fellow Subsidiary			
Advance receivable			5,54,76,597	5,76,72,340
Trade payables			1,19,57,950	1,19,57,950

Name	Nature of Relationship	March 31, 2020	March 31, 2019
3i Infotech Saudi Arabia LLC	Fellow Subsidiary		
Trade receivable		6,47,696	6,79,614
Advance from Customer		10,87,661	10,87,661

(iv) Loans to related parties **(Amount in INR)**

Name	Nature of Relationship	Particulars	March 31, 2020	March 31, 2019
Loans to /Interest receivable from related parties				
3i Infotech Limited	Holding Company	Loan at the beginning of the year	-	67,00,000
		Loans advanced	-	-
		Loan adjusted against payables	-	67,00,000
		Loan at the end of the year	-	-
		Interest at the beginning of the year	-	3,87,55,286
		Interest charged	-	-
		Interest receivables adjusted against payables	-	**3,87,55,286**
		Interest receivable at the end of the	-	-

3i INFOTECH BPO LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

26. FAIR VALUE MEASUREMENTS

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

Particulars	Carrying Amount		Fair Value	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
FINANCIAL ASSETS				
Amortised cost				
Trade Receivables	4,80,39,961	4,52,45,281	4,80,39,961	4,52,45,281
Cash and Cash Equivalents	2,25,33,210	2,25,66,504	2,25,33,210	2,25,66,504
Other Financial Assets	24,59,86,173	27,00,55,398	24,59,86,173	27,00,55,398
Total	**31,65,59,344**	**33,78,67,183**	**31,65,59,344**	**33,78,67,183**

Particulars	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
FINANCIAL LIABILITIES				
Amortised cost				
Trade Payables	2,03,64,369	3,59,58,046	2,03,64,369	3,59,58,046
Other financial liabilities	67,68,061	94,94,643	67,68,061	94,94,643
Lease Liabilities (IND AS116)	1,62,766	-	1,62,766	-
Total	**2,72,95,196**	**4,54,52,689**	**2,72,95,196**	**4,54,52,689**

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.

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: **(Amount in INR)**

Particulars	March 31, 2020				March 31, 2019			
	Fair value measurement using				Fair value measurement using			
	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 to Related Party	-	-	20,52,16,261	20,52,16,261	-	-	23,02,85,886	23,02,85,886
Security deposits	-	-	2,28,999	2,28,999	-	-	2,28,999	2,28,999
Total Financial Assets	-	-	**20,54,45,260**	**20,54,45,260**	-	-	**23,05,14,885**	**23,05,14,885**
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 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 company's quarterly reporting periods.

3i INFOTECH BPO LIMITED

3i INFOTECH BPO LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

27. 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 sublect 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 malor 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 31,2020 :

(Amount in INR)

Particulars	USD	GBP	EUR	Total
Total financial assets	6,47,696	-	-	**6,47,696**
Total financial Liabilities	10,87,661	-	-	**10,87,661**

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 4,399.64 for the year ended March 31,2020

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

(Amount in INR)

Particulars	USD	GBP	EUR	Total
Total financial assets	6,79,614	-	-	**6,79,614**
Total financial Liabilities	10,87,661	-	-	**10,87,661**

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 4,080.46 for the year ended March 31,2019

3i INFOTECH BPO LIMITED

3i INFOTECH BPO LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(b)Interest rate risk

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not sublect to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market.

(ii) Credit risk

Credit risk is the risk that the counterparty will not meet its obligations leading to a financial loss. Credit risk arises from cash and cash equivalents, investments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables and unbilled revenues.

(1) Credit risk management

- Trade receivables and Unbilled revenues

The credit risk has always been managed by the group through an assessment of the companies financials , market intelligence and customers credibility.

The Company makes provisions for Debtors and Unbilled based on a critical assessment of the amount in relation to the ageing combined with the historical trend observed in the respective geography, the past history of the client and comparison with similar projects to determine the recoverability of the receivables.

- Other Financial 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 9,11,42,991 (March 31, 2019 : INR 86,043,106). The lifetime expected credit loss on customer balance for the year ended March 31, 2020 is INR 41,65,094 (March 31, 2019 : INR 4,203,076).

Reconciliation of loss allowance provision - Trade receivables and Unbilled revenue

(Amount in INR)

Particulars	March 31, 2020	March 31, 2019
Balance at the beginning	42,03,076	40,55,691
Impairment loss recognised/reversed	(37,983)	1,47,385
Balance at the end	**41,65,094**	**42,03,076**

- Other Financial Assets

The carrying amount of cash and cash equivalents, investments carried at amortised cost, deposits with banks and financial institutions and other financial assets represents the maximum credit exposure. The maximum exposure to credit risk is INR 2,63,13,197 (March 31, 2019: INR 2,83,10,280). The 12 months expected credit loss and lifetime expected credit loss on these financial assets for the year ended March 31, 2020 is INR 19,48,012 (March 31, 2019: INR 25,69,012)

3i INFOTECH BPO LIMITED

3i INFOTECH BPO LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Reconciliation of loss allowance provision - other financial assets

(Amount in INR)

Particulars	March 31, 2020		March 31, 2019	
	12 month expected losses	life-time expected losses	12 month expected losses	life-time expected losses
Balance at the beginning	-	25,69,012	-	25,69,012
Add(Less): Changes in loss allowances due to				
Changes in risk parameters	-	(6,21,000)	-	-
Balance at the end		**19,48,012**		**25,69,012**

(iii) Liquidity risks

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The oblective 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, 2020 (Amount in INR)

	Due in 1 year	Due in 1-2 year	Due in 2-5 year	Due after 5 years	Total
Non-derivative financial liabilities :					
Trade and other payables	2,03,64,369	-	-	-	2,03,64,369
Other financial liabilities	67,68,061	-	-	-	67,68,061
Lease Liabilities (IND AS116)	1,62,766	-	-	-	1,62,766
Total	**2,72,95,196**	-	-	-	**2,72,95,196**

March 31, 2019 (Amount in INR)

	Due in 1 year	Due in 1-2 year	Due in 2-5 year	Due after 5 years	Total
Non-derivative financial liabilities :					
Trade and other payables	3,59,58,046	-	-	-	3,59,58,046
Other financial liabilities	94,94,643	-	-	-	94,94,643
Total	**4,54,52,689**	-	-	-	**4,54,52,689**

3i INFOTECH BPO LIMITED

3i INFOTECH BPO LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Amount in INR)

28. ASSETS PLEDGED AS SECURITY

The carrying amount of assets pledged as security for current and non current borrowings of Holding Company :

	March 31, 2020	March 31, 2019
CURRENT ASSETS		
i. Financial Assets		
(i) Trade Receivables	4,80,39,961	4,52,45,281
(ii) Cash and Cash Equivalents	2,25,33,210	2,25,66,504
(iii) Other Financial Assets	4,05,40,913	3,95,40,514
ii. Non Financial Assets		
Other Current Assets	1,85,72,589	2,14,62,230
Total current assets pledge as security	**12,96,86,673**	**12,88,14,528**
NON CURRENT ASSETS		
Computer Hardwares	25,40,946	40,08,262
Office Equipments	66,648	84,893
Total non current assets pledge as security	**26,07,594**	**40,93,155**

3i INFOTECH BPO LIMITED

3i INFOTECH BPO LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Amount in INR)

29. 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, 2020 and March 31, 2019.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, 2020						
Financial assets						
Trade receivables	5,84,15,195	(1,03,75,234)	4,80,39,961	-	(4,80,39,961)	-
Deposits	2,28,999	-	2,28,999	-	-	**2,28,999**
Loan to Related Parties	38,51,02,896	(17,98,86,635)	20,52,16,261	-	-	**20,52,16,261**
Interest accrued	1,91,48,008	(1,75,45,032)	16,02,976			**16,02,976**
Total	**46,28,95,098**	**(20,78,06,901)**	**25,50,88,197**	**-**	**(4,80,39,961)**	**20,70,48,236**
Financial liabilities						
Trade Payables	22,81,71,270	20,78,06,901	2,03,64,369	-	-	2,03,64,369
Total	**22,81,71,270**	**20,78,06,901**	**2,03,64,369**	**-**	**-**	**2,03,64,369**
March 31, 2019						
Financial assets						
Trade receivables	5,62,89,418	(1,10,44,137)	4,52,45,281	-	(4,52,45,281)	-
Deposits	15,17,999	-	15,17,999	-	(12,89,000)	**2,28,999**
Loans	67,00,000	(67,00,000)	-	-	-	-
Loan to Related Parties	47,26,14,988	(24,23,29,102)	23,02,85,886	-	-	**23,02,85,886**
Interest accrued	13,93,36,524	(13,76,79,759)	16,56,765			**16,56,765**
Total	**67,64,58,929**	**(39,77,52,999)**	**27,87,05,930**	**-**	**(4,65,34,281)**	**23,21,71,650**
Financial liabilities						
Trade Payables	43,37,11,045	39,77,52,999	3,59,58,046	-	-	3,59,58,046
Total	**43,37,11,045**	**39,77,52,999**	**3,59,58,046**	**-**	**-**	**3,59,58,046**

3i INFOTECH BPO LIMITED

3i INFOTECH BPO LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Amount in INR)

30. CAPITAL MANAGEMENT

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

The Company 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.

Particulars	March 31, 2020	March 31, 2019
Trade payables	2,03,64,369	3,59,58,046
Other payables	1,78,32,279	2,12,57,978
Less: cash and cash equivalents	(2,25,33,210)	(2,25,66,504)
Net Debt	**1,56,63,438**	**3,46,49,521**
Equity	10,00,000	10,00,000
Other Equity	43,14,50,729	41,36,58,483
Total Capital	**43,24,50,729**	**41,46,58,483**
Capital and net debt	**44,81,14,167**	**44,93,08,004**
Gearing ratio	**3**	**8**

3i INFOTECH BPO LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

31. LEASES

Transition

Effective April 1, 2019, the Company adopted Ind AS 116, Leases and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the ROU asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of INR 6,18,708 and lease liability of INR 6,38,780 The cumulative effect of applying the standard, amounting to INR 18,072 was debited to retained earnings, net of taxes. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 has resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application :

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

2. Applied the exemption not to recognize ROU assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

3. Excluded the initial direct costs from the measurement of the ROU asset at the date of initial application.

4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The difference between the lease obligation recorded as of March 31, 2019 under Ind AS 17 disclosed under Note 31 of the Standalone financial statements forming part of the 2019 Annual Report and the value of the lease liability as of April 1, 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

The weighted average incremental borrowing rate applied to lease liabilities as at April 01, 2019 is 10%

The changes in the carrying value of ROU assets for the year ended March 31, 2020 are as follows :

(Amount in INR)

Particulars	Category of ROU Asset
	Buildings
Balance as at April 01, 2019	6,18,708
Reclassified on account of adoption of Ind AS 116 (Refer to Note 2(i))	-
Additions	-
Deletion	-
Depreciation	(4,67,866)
Balance as at March 31, 2020	50,842

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the Statement of Profit and

The break-up of current and non-current lease liabilities as at March 31, 2020 is as follows:

(Amount in INR)

Particulars	As at March 31, 2020
Current Lease Liabilities	1,62,766
Non-Current Lease Liabilities	0
Total	1,62,766

3i INFOTECH BPO LIMITED

The movement in lease liabilities during the year ended March 31, 2020 is as follows:

(Amount in INR)

Particulars	**For Year Ended March 31, 2020**
Balance at the beginning	6,36,780
Additions	-
Finance cost accrued during the period	36,502
Deletions	-
Payment of lease liabilities	(5,10,516)
Translation difference	-
Balance at the end	62,766

The details of the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis are as follows:

Particulars	**As at March 31, 2020**
Less than one year	1,64,683
One to five years	-
More than five years	-
Total	1,64,683

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases was INR 7,54,698 for the year ended March 31, 2020.

Rental income on assets given on operating lease to subsidiaries was INR nil for the year ended March 31, 2020.

3i INFOTECH BPO LIMITED

3i INFOTECH BPO LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Amount in INR)

32. 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, 2020	March 31, 2019
Principal amount due to suppliers under MSMED Act, 2006*	9,57,952	12,81,056
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, 2019: 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.

33. 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.

34. 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

Ajay Kumar
Director
DIN:07652605

Date : May 21, 2020
Navi Mumbai

3i INFOTECH BPO LIMITED