

3I INFOTECH (MIDDLE EAST) FZ-LLC

DUBAI

Annual report and financial statements

Year ended March 31, 2023

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3I INFOTECH (MIDDLE EAST) FZ-LLC, DUBAI

Manager's report

The Manager has pleasure in submitting his annual report and the financial statements of 3i Infotech (Middle East) FZ-LLC, Dubai ("the Company") for the year ended March 31, 2023.

Activities

The principal activities of the Company are providing software consultancy and customer service, software developer and solution provider and support services.

Financial position

During the year, the Company achieved a turnover of AED 10,222,419 as against AED 14,915,214 in the previous year. The comprehensive loss for the year amounted to AED 7,354,768 (Previous year: net comprehensive loss AED 7,081,362). The Company's net assets as at the date of statement of financial position were AED 120,745,938.

Auditors

A resolution to reappoint M B C Auditing and Accounting, as the auditors for the ensuing year, will be put to the members at the Annual General Meeting.

For and on behalf of the Company



Ashwin Kumar Mahadevan
Manager

May 05, 2023



Independent Auditor's report to the shareholders of 3i Infotech (Middle East) FZ-LLC, Dubai

Report on the audit of the financial statements

Opinion

We have audited the financial statements of 3i Infotech (Middle East) FZ-LLC, Dubai ("the Company"), which comprise the statement of financial position as at 31 March 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). 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 International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Directors for the Financial Statements

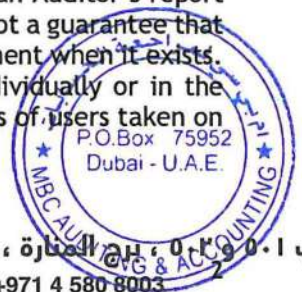
Management and Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and in compliance with the applicable provisions of the Company's Articles of Association and the Dubai Technology and Media Free Zone Private Companies Regulations 2003 issued under Law No. 1 of 2000 of the Emirate of Dubai (as amended), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 ISAs 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 financial statements.



مكتب ٥٠١ و ٥٠٢ ، برج المنارة ، الخليج التجاري ، صندوق بريد ٧٥٩٥٢ ، دبي ، الإمارات العربية المتحدة هاتف: +٩٧١ ٤ ٥٨٠ ٨٠٠٣

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**Independent Auditor's report to the shareholders of 3i Infotech (Middle East) FZ-LLC, Dubai
(Continued)**

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

- Identify and assess the risks of material misstatement of the 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with directors 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.



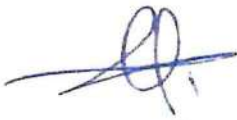
**Independent Auditor's report to the shareholders of 3i Infotech (Middle East) FZ-LLC, Dubai
(Continued)**

Report on other legal and regulatory requirements

We have obtained all the information and explanations, which were necessary for the purposes of our audit and no violation of the rules and regulations issued pursuant to Dubai Technology and Media Free Zone Private Companies Regulations 2003 issued under Law No. 1 of 2000 of the Emirate of Dubai (as amended) or of the Memorandum of Association of the Company came to our attention, which would materially affect the Company's financial position.

According to the information and explanation available to us, in our opinion, the Company maintains proper books of account and the accompanying financial statements are in agreement therewith. The financial information contained in the Manager's report conforms to the financial statements.

For M B C Auditing and Accounting



Ahmed Hasan Yousef Alhosani
Reg. No. 518

Dubai, United Arab Emirates

06 May 2023




3I INFOTECH (MIDDLE EAST) FZ-LLC, DUBAI

Statement of financial position at March 31, 2023

	Notes	31/03/2023 AED	31/03/2022 AED
ASSETS			
Non current assets			
Property, plant and equipment	5	57,027	71,373
Investments		5,806	5,806
Total non current assets		62,833	77,179
Current assets			
Accounts and other receivables	6	1,588,931	4,666,207
Contract assets	7	1,277,744	2,133,159
Due from related parties	8	595,054,831	597,683,043
Other current financial assets	9	2,373,639	2,273,639
Bank balances and cash	10	294,568	625,085
Total current assets		600,589,713	607,381,133
Current liabilities			
Due to related parties	8	478,754,145	475,542,313
Trade and other payables	11	1,101,362	3,750,236
Total current liabilities		479,855,507	479,292,549
Net current assets		120,734,206	128,088,584
Non current liabilities			
Provision for employees' end of service benefits		51,101	66,676
Total non current liabilities		51,101	66,676
Net assets		120,745,938	128,099,087
Equity			
Share Capital	12	46,174,000	46,174,000
Application money pending allotment		4,048,001	4,048,001
Foreign currency translation reserve		3,880	2,261
Retained earnings		70,520,057	77,874,825
Total equity		120,745,938	128,099,087

The financial statements have been approved by the Board of Directors on May 05, 2023 and are signed on its behalf by:


Ashwin Kumar Mahadevan
 Manager



3I INFOTECH (MIDDLE EAST) FZ-LLC, DUBAI

Statement of comprehensive income for the year ended March 31, 2023

	Notes	31/03/2023 AED	31/03/2022 AED
Revenue		10,222,419	14,915,214
Cost of revenue		(11,320,764)	(15,735,927)
Gross loss		(1,098,345)	(820,713)
Other income	13	2,728,002	572,119
Salaries and other benefits		(643,064)	(2,080,138)
Administration and general expenses	14	(5,153,644)	(1,753,431)
Depreciation	5	(37,541)	(43,223)
Finance costs		(3,162,477)	(2,965,003)
		(8,996,726)	(6,841,795)
(Loss) from operations		(7,367,069)	(7,090,389)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined employee benefit plans		12,301	9,027
Total comprehensive (loss) for the year		(7,354,768)	(7,081,362)



The notes on pages 9 to 24 form an integral part of these financial statements

3I INFOTECH (MIDDLE EAST) FZ-LLC, DUBAI

Statement of changes in equity for the year ended March 31, 2023

	Share Capital AED	Application money pending allotment AED	Foreign currency translation reserve AED	Retained earnings AED	Total equity AED
Balance at April 01, 2021	46,174,000	4,048,001	-	84,956,187	135,178,188
Total comprehensive loss for the year	-	-	-	(7,081,362)	(7,081,362)
Addition in translation reserve during the year	-	-	2,261	-	2,261
Balance at March 31, 2022	46,174,000	4,048,001	2,261	77,874,825	128,099,087
Total comprehensive loss for the year	-	-	-	(7,354,768)	(7,354,768)
Addition in translation reserve during the year	-	-	1,619	-	1,619
Balance at March 31, 2023	46,174,000	4,048,001	3,880	70,520,057	120,745,938



3I INFOTECH (MIDDLE EAST) FZ-LLC, DUBAI

Statement of cash flows for the year ended March 31, 2023

		31/03/2023 AED	31/03/2022 AED
	Notes		
Cash flows from operating activities			
Net loss for the year		(7,354,768)	(7,081,362)
Adjustments for:			
Depreciation	5	37,541	43,223
Financial charges		3,162,477	2,965,003
(Reversal) / allowance of impairment allowances	7	(201,354)	204,939
Provision for employees' end of service benefits		-	15,951
Cashflow before working capital changes		(4,356,104)	(3,852,246)
Decrease / (Increase) in trade and other receivables	6	3,179,123	(2,524,810)
(Increase) / Decrease in other current financial assets	9	(100,000)	1,065,181
Decrease in contract assets	7	954,922	298,810
Decrease in due from related parties	8	2,628,212	976,291
Increase in due to related parties	8	3,211,832	4,675,500
(Decrease) / Increase in trade and other payables	11	(2,648,874)	2,229,703
Payment of employees' end of service benefits		(15,575)	(109,128)
Net cash generated from operating activities		2,853,536	2,759,301
Cash flow from investing activities			
Purchase of property, plant and equipment	5	(23,195)	(57,657)
Net cash (used in) investing activities		(23,195)	(57,657)
Cash flow from Financing Activities			
Finance cost paid		(3,162,477)	(2,965,003)
Effects of change in foreign exchange		1,619	2,261
Movements in borrowings, net		-	-
Net Cash (used in) Financing activities		(3,160,858)	(2,962,742)
Net (decrease) in cash and cash equivalents		(330,517)	(261,098)
Cash and cash equivalents at beginning of year		625,085	886,183
Cash and cash equivalents at end of year	10	294,568	625,085

The notes on pages 9 to 24 form an integral part of these financial statements



1 Status and activity

3I INFOTECH (MIDDLE EAST) FZ-LLC, DUBAI ("the Company") is a Limited Liability Free Zone Company incorporated under Commercial license number 16385 in the Emirate of Dubai pursuant to Dubai Technology and Media Free Zone Private Companies Regulations 2003 issued under Law No. 1 of 2000 of the Emirate of Dubai (as amended). The principal place of the Company is located at Office 301, Building #1, Al Falak Street, Dubai, United Arab Emirates. The parent shareholder of the Company is 3i Infotech Holdings Private Limited, Mauritius and the Ultimate Parent Company is 3i Infotech Limited, Mumbai, India.

The principal activities of the Company are providing software consultancy and customer service, software developer and solution provider and support services.

The financial statements for the year ended March 31, 2023 were authorized for issue by the Board of Directors on May 05, 2023.

These financial statements are presented in UAE Dirhams (AED).

2 Application of new and revised International Financial Reporting Standards (IFRSs)

New standards, interpretations and amendments effective from January 1, 2022

Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework

This amendment has updated IFRS 3 - Business Combinations so that it refers to 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3, as a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of a past event.

Amendments to IAS 16 Property, Plant and Equipment - Proceeds before intended use.

This amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, the Company recognises such sales proceeds and related costs in profit or loss. The Company measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the Company's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.



2 Application of new and revised International Financial Reporting Standards (IFRSs) (Continued)

Amendments to IAS 37 Onerous Contracts - Cost of fulfilling a contract

This amendment specifies that the cost of fulfilling a contract comprises of costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Annual Improvements to IFRS Standards 2018-2020 Cycle effective from January 1, 2022

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

- *IFRS 9 Financial Instruments*

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

- *IFRS 16 Leases*

The amendment removes the illustration of the reimbursement of leasehold improvements.

- *IAS 41 Agriculture*

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

New and revised IFRS in issue but not yet effective and not early adopted

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretation, if applicable, when they become effective.



2 Application of new and revised International Financial Reporting Standards (IFRSs) (Continued)**New and revised IFRS****Effective for annual
periods beginning on or****1 January 2023****- IFRS 17 Insurance Contracts**

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current**1 January 2023**

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.



2 Application of new and revised International Financial Reporting Standards (IFRSs) (Continued)

New and revised IFRS in issue but not yet effective and not early adopted (Continued)

New and revised IFRS	Effective for annual periods beginning on or
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date not notified
<p>The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture.</p>	
<p>Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.</p>	
- Amendments to IAS 1 - Disclosure of Accounting Policies	1 January 2023
<p>The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.</p>	
<p>The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.</p>	



2 Application of new and revised International Financial Reporting Standards (IFRSs) (Continued)

New and revised IFRS in issue but not yet effective and not early adopted (Continued)

New and revised IFRS	Effective for annual periods beginning on or
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|--|-----------------------------|
| - <i>Amendments to IFRS Practice Statement 2 Making materiality Judgements - Disclosure of accounting policies</i> | Effective date not notified |
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The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

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|--|----------------|
| - <i>Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimate</i> | 1 January 2023 |
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The definition of change in accounting estimates was deleted. However, the IASB retained the concept of change in estimate with the following clarifications:

- a. *Change in accounting estimate that results from new information or new developments is not the correction of an error.*
- b. *The effects if change in an input or a measurement of technique used to develop an accounting estimate are changes in accounting estimate if they do not result from corrections of prior period errors.*

- | | |
|---|----------------|
| <i>Amendments to IAS 12 –Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> | 1 January 2023 |
|---|----------------|

A Company is required to recognise the related deferred tax asset and liability with the recognition of any deferred tax asset being subject to recoverability criteria as defined under IAS 12.

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with

- Right-of-use assets and lease liabilities
- Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset

- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date

The Company is currently assessing the impact of these new accounting standards and amendments. The Company does not believe that these amendments shall have a significant impact on the financial statements as a whole.



3 Significant accounting policies

These financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards. These financial statements also comply with the Dubai Technology and Media Free Zone Private Companies Regulations 2003 issued under Law No. 1 of 2000 of the Emirate of Dubai (as amended).

The significant accounting policies adopted in the preparation of these financial statements are set out below. The policies have been consistently applied to all years presented unless otherwise stated.

Property, plant and equipment

Property, plant and equipment are initially recognized at cost. Subsequent costs are included in the asset's carrying amount or recognized 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 a replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive income during the year in which they are incurred.

Subsequent to the initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Property, plant and equipment are tested for impairment at each statement of financial position date.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognized in the statement of comprehensive income.

Depreciation

Depreciation is consistently provided on the straight line basis so as to write off the cost of property, plant and equipment over their estimated useful lives. The expected useful lives of the property, plant and equipment are estimated as follows:

Computer equipment	3 years
Office equipment	5 years
Asset under lease	2 years

Impairments

The carrying amounts of the Company's assets are reviewed annually at each date of the statement of financial position to determine whether the assets have been impaired during the year. Where an asset has been impaired, the recoverable amount of the asset is determined. Where the carrying amount exceeds the recoverable amount, the asset is written down to its recoverable amount. The resultant impairment loss is recognized as an expense in the statement of comprehensive income.



3 Significant accounting policies

Financial assets

Financial assets, measured at fair value on initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Fair value through other comprehensive income

They are carried at fair value with changes in fair value recognized in other comprehensive income and accumulated in the fair value through other comprehensive income reserve.

Fair value through profit or loss

They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive income.

Impairment

Impairment provisions for trade receivables are recognized based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables.

Impairment provisions for receivables from related parties and loans to related parties are recognized based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognized.

For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognized.

For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognized.

Derecognition

A financial asset is primarily derecognized 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



3 Significant accounting policies

Financial liabilities

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

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.

Gains or losses on liabilities held for trading are recognized in the statement of profit or 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 recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Derivative financial instruments

Derivative foreign exchange contracts are initially recognized at fair value and subsequently re-measured at their fair value which are obtained from quoted market prices or other available valuation techniques available. All derivative contracts are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivative contracts are included in statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Employees' end of service benefits

Provision for employees' end of service gratuities is made on the basis prescribed in the UAE Labour Law, for the accumulated year of service at the date of the statement of financial position. In accordance with the consistent policy being followed in this regard, provision for employees' end of service benefits is treated as a long term liability.

Provisions

Provisions are recognized in the statement of financial position when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.



3 Significant accounting policies (Continued)

Revenue recognition

Revenue from the sale of goods is recognized net of discounts, when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount is measured reliably. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The Company has applied IFRS 15 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under IAS 18 and IAS 11. There has been no impact on the application of IFRS 15 on the financial statements as the current revenue recognition policy and methods are already aligned with IFRS 15 revenue recognition.

Leasing

Right-of-use asset

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease Liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.



3 Significant accounting policies (Continued)

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of property (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Foreign currencies

Transactions in foreign currencies during the year are converted into AED at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies are translated to AED at the rates of exchange ruling at the date of the statement of financial position. All gains and losses on exchange are taken to the statement of comprehensive income.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and bank balances.

4 Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note: 3 management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the date of the statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Property, plant and equipment

Property, plant and equipment are depreciated over their estimated useful lives, which is based on estimates for expected usage of the asset and expected physical wear and tear which are dependent on operational factors. Management has not considered any residual value as it is deemed immaterial.

Impairment of financial assets

The loss allowance for financial assets is based on assumptions about the risk of default and expected loss rates. The management uses judgments in making these assumptions and selecting the inputs to the impairment calculations based on the past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of key assumptions and inputs uses are disclosed.



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Notes to the financial statements for the year ended March 31, 2023 (Continued)

5. Schedule of property, plant and equipment

	Computer equipment AED	Office equipment AED	Right of use asset AED	Total AED
Cost				
At April 1, 2021	454,729	6,927	43,425	505,081
Additions during the year	57,657	-	-	57,657
At March 31, 2022	512,386	6,927	43,425	562,738
Additions during the year	15,100	8,095	-	23,195
At March 31, 2023	527,486	15,022	43,425	585,933
Depreciation				
At April 1, 2021	402,467	2,250	43,425	448,142
Charge for the year	41,827	1,396.00	-	43,223
At March 31, 2022	444,294	3,646	43,425	491,365
Charge for the year	36,107	1,434	-	37,541
At March 31, 2023	480,401	5,080	43,425	528,906
Net Book Value				
At March 31, 2023	47,085	9,942	-	57,027
At March 31, 2022	68,092	3,281	-	71,373



3I INFOTECH (MIDDLE EAST) FZ-LLC, DUBAI

Notes to the financial statements for the year ended March 31, 2023 (Continued)

6 Accounts and other receivables

	31/3/2023 AED	31/3/2022 AED
Accounts Receivables	932,396	2,279,084
Less: allowance for impairment	(67,987)	(169,834)
	<u>864,409</u>	<u>2,109,250</u>
Prepayments	27,990	57,379
Advance to supplier	20,534	42,658
Other receivables	675,998	2,456,920
	<u>1,588,931</u>	<u>4,666,207</u>

Note:

a. The carrying amount of trade receivables approximates to its fair value, which is based on an estimate of the recoverable amount.

b. Other receivables amounting to AED 543,598 (March 31, 2022 - AED 2,456,920) pertains to the receivables from "Azentio Software (Middle East) FZLLC" and "Azentio Software Orion (Middle East) FZLLC".

7 Contract assets

	31/3/2023 AED	31/3/2022 AED
Excess of Revenue recognized over billing	1,950,332	2,905,254
Less: allowance for impairment	(672,588)	(772,095)
	<u>1,277,744</u>	<u>2,133,159</u>

8 Related parties

Related parties include the shareholders, key management personnel, subsidiaries, associates, joint ventures and any businesses which are controlled directly or indirectly by the Company or over which they exercise significant management influence. The balances due from / to such party which have been disclosed separately in the financial information, are unsecured, interest free and are repayable on demand.

	31/3/2023 AED	31/3/2022 AED
Due from related parties:		
3I Infotech Limited - MEA Branch	593,432,943	592,277,500
3i Infotech Nigeria Limited	1,025,655	2,482,271
3I Infotech UK Limited	596,233	1,018,570
3I INFOTECH (AFRICA) LIMITED	-	1,120,965
3I Infotech Limited(Formerly Black Barret),Cyprus	-	486,695
3I Infotech Proprietary Limited, South Africa	-	297,042
	<u>595,054,831</u>	<u>597,683,043</u>



3I INFOTECH (MIDDLE EAST) FZ-LLC, DUBAI

Notes to the financial statements for the year ended March 31, 2023 (Continued)

8 Related parties (Continued)

	31/3/2023 AED	31/3/2022 AED
Due to related parties:		
3I Infotech Inc.	352,936,250	353,358,588
3I Infotech Holdings Private Limited (Mauritius)	43,286,655	43,070,888
3I Infotech Saudi Arabia Limited	33,611,178	33,709,340
3I Infotech Limited, India	30,948,332	31,418,914
3I Infotech SDN BHD	12,583,007	11,698,356
3I Infotech Software Solution LLC	5,381,262	2,278,766
3I Infotech Thailand Limited	7,461	7,461
	<u>478,754,145</u>	<u>475,542,313</u>

9 Other current financial assets

	31/3/2023 AED	31/3/2022 AED
Margin accounts	173,639	73,639
Deposit accounts	2,200,000	2,200,000
	<u>2,373,639</u>	<u>2,273,639</u>

10 Bank balances and cash

	31/3/2023 AED	31/3/2022 AED
Cash in hand	1,000	2,000
Bank current accounts	293,568	623,085
	<u>294,568</u>	<u>625,085</u>

The carrying amount of these assets approximates to their fair value. Bank current account balance was verified based on bank statement only.

11 Trade and other payables

	31/3/2023 AED	31/3/2022 AED
Trade payables	410,876	431,736
Accrued expenses	488,975	723,559
Advance from customers	60,970	22,598
VAT liability	32,566	53,241
Other Payable	107,975	2,519,102
	<u>1,101,362</u>	<u>3,750,236</u>

Note:

a. The Company has financial risk management policies in place to ensure that payables are paid within the credit time frame.

b. Of the total balance of Other payables amounting to AED 107,975 (March 31, 2022: AED 2,519,102), balance of AED Nil (March 31, 2022: AED 2,402,735) pertains to payables to Azentio Software Private Limited.



3i INFOTECH (MIDDLE EAST) FZ-LLC, DUBAI

Notes to the financial statements for the year ended March 31, 2023 (Continued)

12 Share Capital

	31/3/2023 AED	31/3/2022 AED
Authorized, issued and paid up capital 46,174 shares of AED 1,000 each	46,174,000	46,174,000
Name of the Shareholders	No of shares	Amount
3i Infotech Holdings Private Limited, Mauritius	46,174	46,174,000
	46,174	46,174,000

13 Other Income

	31/3/2023 AED	31/3/2022 AED
Foreign exchange gain	2,374,281	468,346
Sundry Expenses Written Back	3,586	93,425
Interest income	-	10,348
Reversal of Impairment allowance	201,354	
Other income	148,781	-
	2,728,002	572,119

14 Administration and general expenses

	31/3/2023 AED	31/3/2022 AED
Bad debt expenses	3,377,991	-
Legal, visa and professional fees	926,491	803,384
Travelling and conveyance	116,140	72,892
Rent	110,788	156,626
Insurance	65,162	253,707
Communication and utilities	47,465	85,433
Forex expenses	24,090	8,823
Business promotion and advertisement	13,767	1,694
Impairment allowance	-	247,498
Other expenses	471,750	123,374
	5,153,644	1,753,431



15 Financial instruments - risk management

Capital management

The company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the debt equity ratio. This ratio is calculated as net debt divided by total capital. The capital structure of the company comprises of equity funds as presented in the statement of financial position together with shareholders current accounts. Debt comprises of total amounts payable to third parties net of cash and cash equivalents.

Financial risk factors

The Company's use of financial instruments exposes it to a variety of financial risks such as credit risk, market risk, liquidity risk and political risk. The company continuously reviews its risk exposures and takes measures to limit it to acceptable levels. Risk management is carried out by the finance department under policies approved by the Board of Directors. Finance department identifies and evaluates financial risks in close co-operation with the company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. The significant risks that the company is exposed to are discussed below:

a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

b. Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets, which potentially subject the company to credit risk, consist principally of fixed and short notice bank deposits and receivables due from related parties. The company manages this risk by placing fixed and short term bank deposits with high credit rating financial institutions. Credit risk with respect to receivables is limited due to dispersion across large number of customers.

Trade and other receivables are stated net of the allowance for doubtful receivables. There are no significant concentrations of credit risks to debtors outside the UAE.

Trade receivables mainly represent amounts due from customers (trade receivables) engaged in business of retail trading and construction.

As part of company's credit risk management where it is considered necessary, such receivables are covered by letters of credit in favor of the company, issued by high credit quality financial institutions.



15 Financial instruments - risk management (Continued)

c. Liquidity risk

Liquidity risk is the risk that the company may not be able to meet its funding requirements. Liquidity risk management includes maintaining sufficient cash, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The company maintains flexibility in funding by maintaining availability under committed credit lines.

d. Market risk management

The Company is primarily exposed to the financial risks of changes in foreign currency exchange rates (currency risk) and market prices (other price risk).

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices whether those changes are caused by factors specific to the individual financial instrument or the Company, or factors affecting all similar financial instruments traded in the market.

e. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operational activities, when revenue or expenses are denominated in a different currency from the Company's functional currency which is United Arab Emirates Dirham (AED). The Company manages risk through regular monitoring of the currency markets to determine appropriate action to minimize the exposure to the foreign currency risk. The financial assets and liabilities are denominated in U.A.E. Dirhams. There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in U.A.E. Dirhams.

16 Fair value

The fair value of a particular asset or liability 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. The fair values of the financial assets and liabilities approximate their carrying amounts as reflected in these financial statements.

17 Contingencies and commitments

There are contingent liabilities outstanding amounting to AED 1,890,858 (2022: AED 1,835,000) as at the date of statement of financial position.

18 Comparative figures

Previous year's figures have been regrouped or reclassified wherever necessary to make them comparable with those of the current year. These reclassifications are immaterial.

