3I INFOTECH HOLDINGS PRIVATE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED

MARCH 31, 2019

3I INFOTECH HOLDINGS PRIVATE LIMITED

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MANAGEMENT AND ADMINISTRATION

		Date of appointment	Date of resignation
DIRECTORS :	Koomar Aslam	November 20, 2006	-
	Iyer Padmanabhan	May 17, 2012	-
	Ghosh Mrinal	November 24, 2016	-
	Kasichainula Suryanarayan	February 5, 2018	-
	Purmah Uveesheksingh	December 26, 2018	May 22, 2019
	Shah Ashok	May 22, 2019	-

ADMINISTRATOR AND SECRETARY:
International Proximity Management Services Limited
5th Floor, Ebene Esplanade,
24 Cybercity, Ebene
REPUBLIC OF MAURITIUS

REGISTERED OFFICE:
5th Floor, Ebene Esplanade,
24 Cybercity, Ebene
REPUBLIC OF MAURITIUS

AUDITOR:
BDO & Co
10, Frère Félix de Valois Street,
Port Louis
REPUBLIC OF MAURITIUS

BANK:
HSBC Bank (Mauritius) Limited
6th Floor, HSBC Centre
18, Cybercity
Ebene
REPUBLIC OF MAURITIUS

The directors submit herewith their report together with the separate audited financial statements of **3i Infotech Holdings Private Limited** ("the Company") for the year ended March 31, 2019.

Principal activity

The main activity of the Company is that of investment holding.

Results and dividend

The results are shown on the statement of profit or loss and other comprehensive income.

The directors do not recommend the payment of dividend for the year under review (2018: Rs Nil).

Status

The Company was incorporated in the Republic of Mauritius on November 20, 2006 under the Companies Act 2001.

Statement of directors' responsibilities in respect to the financial statements

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards ("IFRS") have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BY ORDER OF THE BOARD

Company Secretary
International Proximity Management Services Limited

SECRETARY'S CERTIFICATE FOR THE YEAR ENDED MARCH 31, 2019

We certify that, to our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of **3i Infotech Holdings Private Limited** ("the Company") under the Companies Act 2001 for the year ended March 31, 2019.

for **International Proximity Management Services Limited**
COMPANY SECRETARY
Date: 16 JUL 2019

BDO

Tel : +230 202 3000
Fax: +230 202 9993
www.bdo.mu

10, Frère Félix de Valois Street
Port Louis, Mauritius
P.O. Box 799

3I INFOTECH HOLDINGS PRIVATE LIMITED

INDEPENDENT AUDITOR'S REPORT
To the Shareholder of 3i Infotech Holdings Private Limited

Report on the audit of the Financial Statements

Opinion - The Company

We have audited the separate financial statements of **3i Infotech Holdings Private Limited** (the "Company") on pages 7 to 24 which comprise the statement of financial position as at March 31, 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity, the statement of cash flows for the year then ended and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the separate financial statements on pages 7 to 24 give a true and fair view of the financial position of the Company as at March 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Opinion - The Group

The Company, which has investment in subsidiary companies in USA, Cyprus, the United Arab Emirates and South Africa, has not presented consolidated financial statements as required by IFRS 10 'Consolidated and Separate Financial Statements'. Failure to prepare consolidated financial statements is a departure from the requirements of IFRS 10.

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 (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius, 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.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the directors' report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance 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.

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 directors.
- Conclude on the appropriateness of directors' 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.

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

- 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.

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.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with, or interests in, the Company, other than in our capacity as auditor and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Other matter

This report is made solely to the member of **3i Infotech Holdings Private Limited**, as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO & Co
Chartered Accountants

Port Louis,
Mauritius.

Yacoob Ramtoola, FCA
Licensed by FRC

16 JUL 2019

3I INFOTECH HOLDINGS PRIVATE LIMITED

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2019

	Notes	2019	2018
		Rs.	Rs.
ASSETS			
Non-current assets			
Investment in subsidiary companies	5	4,794,365,570	4,791,627,747
Share application monies on investments	6	244,970,880	244,970,880
		5,039,336,450	5,036,598,627
Current assets			
Other financial assets at amortised cost	7A	353,609,380	-
Other receivables	7B	-	457,354,727
Cash and cash equivalents	8	824,920	1,563,783
		354,434,300	458,918,510
Total assets		5,393,770,750	5,495,517,137
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	9	6,258,371,598	6,258,371,598
Revenue deficit		(5,111,824,231)	(4,991,250,610)
Total equity		1,146,547,367	1,267,120,988
Non-current liabilities			
Redeemable convertible preference share capital	10	3,016,850,473	3,004,430,075
Premium payable on conversion of preference redeemable shares	11	1,229,099,037	1,223,233,357
		4,245,949,510	4,227,663,432
Current liability			
Accruals	11	1,273,873	732,717
Total equity and liabilities		5,393,770,750	5,495,517,137

These separate financial statements have been approved for issue by the Board of Directors on 16 JUL 2019 and signed on its behalf by:

Name: Padmanabhan Iyer
Director

Name: Aslam Koomar
Director

The notes on pages 11 to 24 form an integral part of the financial statements.
Independent auditor's report on pages 4 to 6.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2019

	Notes	2019	2018
		Rs.	Rs.
INCOME			
Interest income		**3,586,626**	3,545,178
EXPENSES			
Professional fees		**1,286,738**	1,203,864
Bank charges		**14,174**	20,071
		1,300,912	1,223,935
Profit before impairment losses		**2,285,714**	2,321,243
Impairment losses on financial assets	7A	**(117,837,690)**	-
(Loss)/profit before foreign exchange		**(115,551,976)**	2,321,243
Net foreign exchange loss		**(5,021,645)**	(21,391,562)
Loss before taxation		**(120,573,621)**	(19,070,319)
Taxation	12	-	-
Loss for the year		**(120,573,621)**	(19,070,319)
Other comprehensive income		-	-
Total comprehensive income for the year		**(120,573,621)**	(19,070,319)

The notes on pages 11 to 24 form an integral part of the financial statements.
Independent auditor's report on pages 4 to 6.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

	Stated capital Rs.	Revenue deficit Rs.	Total equity Rs.
Balance at April 1, 2018	6,258,371,598	(4,991,250,610)	1,267,120,988
Total comprehensive income:			
- Loss for the year	-	(120,573,621)	(120,573,621)
Balance at March 31, 2019	**6,258,371,598**	**(5,111,824,231)**	**1,146,547,367**
Balance at April 1, 2017	6,258,371,598	(4,972,180,291)	1,286,191,307
Total comprehensive income:			
- Loss for the year	-	(19,070,319)	(19,070,319)
Balance at March 31, 2018	**6,258,371,598**	**(4,991,250,610)**	**1,267,120,988**

The notes on pages 11 to 24 form an integral part of the financial statements.
Independent auditor's report on pages 4 to 6.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2019

	Note	2019	2018
		Rs.	Rs.
Cash flows from operating activities			
Loss before taxation		**(120,573,621)**	(19,070,319)
Adjustments for:			
Interest income		**(3,586,626)**	(3,545,178)
Exchange difference		**18,286,078**	21,294,961
Changes in working capital:			
- Other financial assets at amortised cost/other receivables		**104,594,150**	610,919
- Other payables		**541,156**	579,137
Net cash used in operating activities		**(738,863)**	(130,480)
Net decrease in cash and cash equivalents		**(738,863)**	(130,480)
Movement in cash and cash equivalents			
At start of year		**1,563,783**	1,694,263
Decrease		**(738,863)**	(130,480)
At March 31,	8	**824,920**	1,563,783

Non-cash transaction:

The non-cash transaction relates to the acquisition of investment in subsidiary company, 3i Infotech Software Solution LLC amounting to Rs. 2,737,823 which has been paid fully by 3i Infotech (Middle East) FZ LLC, another subsidiary company. Please refer to note 5 for more details.

1. GENERAL INFORMATION

3i Infotech Holdings Private Limited (the "Company") was incorporated in the Republic of Mauritius on November 20, 2006. The Company's activity is that of investment holding. Its registered office is 5th Floor, Ebene Esplanade, 24 Cybercity, Ebene.

These separate financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of shareholder of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the separate financial statements of the Company are set out below.

(a) Basis of preparation

The financial statements of 3i Infotech Holdings Private Limited comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements are prepared under the historical cost convention, except for relevant financial assets and liabilities which are stated at their fair values.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Standards, Amendments to published Standards and Interpretations effective in the reporting period

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from January 1, 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 2(e) and (f). The Company has elected to apply the exemption in IFRS 9 paragraph 7.2.15 not to restate prior periods in the year of initial application of the standard.

IFRS 15 Revenue from Contracts with Customers is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The Company has adopted IFRS 15 Revenue from Contracts with Customers from January 1, 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 2(c). In accordance with the transition provisions in IFRS 15, the Company has not restated comparatives for the 2018 financial year.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

Standards, Amendments to published Standards and Interpretations effective in the reporting period (cont'd)

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
The amendments clarify the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. The amendment has no impact on the Company's financial statements.

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)
The amendment provides two different solutions for insurance companies: a temporary exemption from IFRS 9 for entities that meet specific requirements (applied at the reporting entity level), and the 'overlay approach'. Both approaches are optional. The amendment has no impact on the Company's financial statements.

Annual Improvements to IFRSs 2014-2016 Cycle

- IFRS 1 - deleted short-term exemptions covering transition provisions of IFRS 7, IAS 19 and IFRS 10 which are no longer relevant.
- IAS 28 - clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition. The amendment has no impact on the Company's financial statements.

IFRIC 22 Foreign Currency Transactions and Advance Consideration. The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. The amendment has no impact on the Company's financial statements.

Transfers of Investment Property (Amendments to IAS 40). The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. The amendment has no impact on the Company's financial statements.

Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2019 or later periods, but which the Company has not early adopted.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

Standards, Amendments to published Standards and Interpretations issued but not yet effective

At the reporting date of these financial statements, the following were in issue but not yet effective:

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
IFRS 16 Leases
IFRS 17 Insurance Contracts
IFRIC 23 Uncertainty over Income Tax Treatments
Prepayment Features with negative compensation (Amendments to IFRS 9)
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
Annual Improvements to IFRSs 2015-2017 Cycle
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)
Definition of a Business (Amendments to IFRS 3)
Definition of Material (Amendments to IAS 1 and IAS 8)

Where relevant, the Company is still evaluating the effect of these Standards, Amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

(b) Investment in subsidiary companies

In the separate financial statements of the investor, investment in subsidiary companies are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investment.

(c) Revenue recognition

Revenues earned by the Company are recognised on the following bases:

• Interest income is calculated by applying the effective interest rate to the gross amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

• Dividend income - when the shareholder's right to receive payment is established.

• Other income - as it accrues unless collectibility is in doubt.

(d) Foreign currencies

(i) *Functional and presentation currency*

Items included in the financial statements are measured using Mauritian Rupees (Rs.), the currency of the primary economic environment in which the entity operates ("functional currency").

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial assets

The Company classified its financial assets as discussed below, depending on the purpose for which the asset was acquired.

Amortised cost

These assets consist of other type 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 recognised 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.

Impairment provisions for receivables from related parties and loans to related parties are recognised 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 recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Company's financial assets measured at amortised cost comprise loans and amounts receivables from related parties and cash and cash equivalents in the statement of financial position.

Cash & cash equivalents comprises cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(f) Financial liabilities

The Company classifies its financial liabilities depending on the purpose for which the liability was acquired. The Company's accounting policy for other financial liabilities is as follows:

Other financial liabilities include the following items:

(i) The Company's redeemable preference shares are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

(ii) Other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(h) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

(i) Deferred and current income tax

(i) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted at the reporting date and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

(ii) Current income tax

Current income tax assets and liabilities for the current period 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

(j) Share capital

Ordinary shares

Ordinary shares are classified as equity.

Preference share capital

Preference share capital is classified as equity it is non-redeemable or redeemable only at the Company's option, and any dividend are discretionary. Discretionary dividends thereon are recognised as distributions within the equity upon approval by the Company's shareholders.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Share capital (cont'd)

Preference share capital (cont'd)
Mandatorily redeemable preference shares are classified as liabilities.

(k) Borrowings

Borrowings are recognised at fair value being their issue proceeds net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in profit or loss as interest expense.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liabilities for at least twelve months after the end of reporting date.

3. FINANCIAL RISK MANAGEMENT

3.1 *Financial risk factors*

The Company's activities expose it to a variety of financial risks, including:

- market risk (including currency risk, fair value interest rate risk and cash flow interest risk);
- credit risk;
- liquidity risk; and
- concentration risk;

A description of the significant risk factors is given below together with the risk management policies applicable.

Market risk

Currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to US Dollar ("USD") and Euro ("EUR").

Currency profile

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	Financial assets		Financial liabilities	
	2019	2018	**2019**	2018
	Rs.	Rs.	**Rs.**	Rs.
United States Dollar	**354,337,990**	458,842,358	**3,192,615,067**	3,102,457,984
Euro	-	-	**1,054,608,316**	1,125,938,165
	354,337,990	458,842,358	**4,247,223,383**	4,228,396,149

The above currency profile excludes prepayments amounting to Rs.96,310 (2018: Rs.76,152) from financial assets.

Sensitivity analysis

At March 31, 2019 and 2018, if the Mauritian Rupee (Rs.) had weakened/strengthened by 5%, against USD and Euro with all other variances held constant, pre-tax results would have changed as follows:

	2019	2018
	Rs.	Rs.
United States Dollar	**(141,913,854)**	(132,180,781)
Euro	**(52,730,416)**	(56,296,908)

Cash flow and fair value interest rate risk

As the Company's interest-bearing assets bear fixed interest rate and has borrowings and other payables which bear fixed interest rate at the reporting date, its income and operating cash flows are substantially independent of changes in market interest rates.

Credit risk

Credit risk arises from cash and cash equivalents and credit exposures to receivables from related parties. For banks and financial institutions, only independently rated parties are accepted. The Company's credit risk is primarily attributable to amount receivable from its subsidiary companies and loan receivable granted to its subsidiary companies amounting to Rs.232m (2018: Rs.325m) and Rs.44m (2018: Rs.76m) respectively. This amount excludes share application monies on investment as shown in note 6.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 *Financial risk factors (cont'd)*

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company aims at maintaining flexibility in funding through support from the holding company.

The table below summarises the maturity profile of the Company's financial liabilities based on the remaining period at the end of the reporting period to the contractual maturity date.

	Less than 1 year	More than 1 year
	Rs.	Rs.
At March 31, 2019		
Other payables	**1,273,873**	**1,229,099,037**
Redeemable convertible preference shares capital	**-**	**3,016,850,473**
At March 31, 2018		
Other payables	732,717	1,223,233,357
Redeemable convertible preference shares capital	-	3,004,430,075

Concentration risk

The Company's investments are concentrated mainly in the United States of America. The Company is, therefore, exposed to economic risks inherent to that country.

3.2 Fair value estimation

The nominal value less estimated credit adjustments of receivables and payables are assumed to approximate their fair values.

The fair value of those financial assets and liabilities not presented on the Company's statement of financial position at the fair values are not materially different from their carrying amounts.

3.3 Capital risk management

The Company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders.

The debt-to-capital ratios of the Company as at March 31, 2019 and 2018 were as follows:

	2019	2018
	Rs.	Rs.
Total debts	**3,016,850,473**	3,004,430,075
Less: cash and cash equivalents	**(824,920)**	(1,563,783)
Net debts	**3,016,025,553**	3,002,866,292
Total equity	**1,146,547,367**	1,267,120,988
Debt-to-capital ratio	2.63:1	2.37:1

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year as discussed below.

(a) Impairment of investment in subsidiary companies

The Company follows the guidance of IAS 36 on determining when an investment are other-than-temporarily impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(b) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(c) Limitation of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Company's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Company's view of possible near-term market changes that cannot be predicted with any certainty.

5. INVESTMENT IN SUBSIDIARY COMPANIES

	2019	2018
	Rs.	Rs.
(a) At April 1,	**4,791,627,747**	4,791,627,747
Acquisition	**2,737,823**	-
At March 31,	**4,794,365,570**	4,791,627,747

(b) The subsidiary companies are as follows:

	Class of shares held	Country of incorporation	% holding 2019	% holding 2018	Carrying amount 2019	Carrying amount 2018	Cost 2019	Cost 2018
					Rs.	Rs.	**Rs.**	Rs.
(i) 3i Infotech Inc	Class A - Ordinary	USA	**100%**	100%	**1,831,799,476**	1,831,799,476	**4,250,365,250**	4,250,365,250
	Class B - Ordinary				**1,171,074**	1,171,074	**1,171,074**	1,171,074
	Series B - Preference				**772,418,737**	772,418,737	**772,418,737**	772,418,737
	Series C - Preference				**1,846,479,337**	1,846,479,337	**1,934,086,761**	1,934,086,761
(ii) 3i Infotech (Middle East) FZ LLC	Ordinary	United Arab Emirates	**100%**	100%	**339,759,120**	339,759,120	**339,759,120**	339,759,120
(iii) 3i Infotech (South Africa) Proprietary Limited	Ordinary	South Africa	**100%**	100%	**3**	3	**3**	3
(iv) 3i Infotech (Cyprus) Limited	Class A - Ordinary Class B - Ordinary	Cyprus	**100%**	100%	-	-	**1**	1
(v) 3i Infotech Software Solution LLC	Ordinary	United Arab Emirates	**100%**	0%	**2,737,823**	-	**2,737,823**	-
					4,794,365,570	4,791,627,747	**7,300,538,769**	7,297,800,946

(c) Investment in subsidiary companies are accounted for at lower of carrying amounts and recoverable amounts. The directors have reviewed the carrying value of the Company's interest in its subsidiaries at the end of the reporting period and the directors have considered that there is no indication of impairment. Accordingly, the investments have not been impaired (2018: Rs. Nil).

(d) The directors have reviewed the financial position of the subsidiary companies at year end and are of the opinion that the carrying amount of the subsidiary companies approximates its recoverable amount.

5. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(e) During the year under review, the Company has acquired 49% of 3i Infotech Software Solution LLC. With a view of carrying business in Dubai, the Company has also paid for the other 51% held by Almuftah Commercial Brokerage, and the latter has assigned all the rights and benefits of the said 51% shares to the Company, and irrevocably pledged those shares to the Company. As a result, the Company has accounted for 100% of the cost of the investment.

6. SHARE APPLICATION MONIES ON INVESTMENTS

	2019	2018
	Rs.	Rs.
At April 1, and at March 31,	**244,970,880**	244,970,880

The share application monies in respect of the year ended March 31, 2013 relates to application for shares in 3i Infotech Inc. and 3i Infotech (Middle East) FZ LLC.

7A. FINANCIAL ASSETS AT AMORTISED COST

		2019
		Rs.
		Current
(a)	Receivables from subsidiary companies (Note 13)	**309,325,741**
	Loan to holding company (Note 13)	**44,187,329**
	Prepayment	**96,310**
		353,609,380

(b) Impairment and risk exposure

(i)	Receivable from subsidiary companies	Loan to holding company	Total
	Rs.	Rs.	Rs.
Loss allowance at April 1, 2018 (IFRS 9)	-	-	-
Allowance recognised in profit or loss during the year	**103,108,580**	**14,729,110**	**117,837,690**
Loss allowance at March 31, 2019	**103,108,580**	**14,729,110**	**117,837,690**

(ii) The carrying amounts of the financial assets at amortised cost are denominated in USD.

(iii) Out of the receivables from subsidiary companies, Rs. 76,489,376 bear interest at the rate of 4% and 5% and are repayable on demand.

7B. OTHER RECEIVABLES

	2018
	Rs.
Receivables from subsidiary companies (Note 13)	400,016,566
Loan to holding company (Note 13)	57,262,009
Prepayment	76,152
	457,354,727

(i) The loan to holding company is unsecured, interest-free and repayable on demand.

(ii) The total amount due from subsidiary companies of Rs.400,016,566 represents management's best estimates of the amounts expected to be recoverable as at March 31, 2018.

(iii) Out of the receivables from subsidiary company, Rs.74,341,472 bear interest at the rate of 4% and 5% and are repayable on demand.

8. CASH AND CASH EQUIVALENTS

	2019	2018
	Rs.	Rs.
Cash at bank	**824,920**	1,563,783

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

9. STATED CAPITAL

	2019 & 2018	
	Number of shares	Shares of no par value
		Rs.
At April 1, and at March 31,	6,258,371,598	6,258,371,598

The shareholder has pledged all the shares held in the Company in favour of IDBI Trusteeship Services Limited pursuant to a Second Amendment To Share Pledge Agreement dated May 8, 2014.

10. REDEEMABLE CONVERTIBLE PREFERENCE SHARES

	2019	2018
	Rs.	Rs.
At April 1,	**3,004,430,075**	2,999,873,945
Foreign exchange loss	**12,420,398**	4,556,130
At March 31,	**3,016,850,473**	3,004,430,075

The redeemable convertible preference shares of no par value are as follows:

	2019 & 2018	
	Number of shares	
Series A *(denominated in Euro)*	**891,631,605**	891,631,605
Series C *(denominated in USD)*	**1,780,361,142**	1,780,361,142
Series D *(denominated in USD)*	**21,878,720**	21,878,720
At March 31,	**2,693,871,467**	2,693,871,467

Terms and conditions

(a) The holders shall have no right to request for early redemption.
(b) The Company reserves the right to redeem the shares at its will.
(c) The redemption amount shall not be less than 115% of the principal amount.
(d) The Company shall mandatorily redeem all the shares in each series for cash as below:

Class of Preference shares	Redemption date	% of capital amount redeemed	Redeemed in
Series A	March 24, 2025	139.627%	Euro
Series C	March 24, 2025	141.428%	USD
Series D	March 24, 2025	115%	USD

(e)

(i) The subscriber shall have the right to apply for conversion of the preference shares into 1 ordinary share for consideration of Rs. 1 each for every 1 preference share held, irrespective of the Series.
(ii) The shareholder shall apply for conversion at any time before March 17, 2025.

11. OTHER PAYABLES

	2019	2018
	Rs.	Rs.
Accruals	1,273,872	732,717
Premium payable on conversion of preference redeemable shares	1,229,099,037	1,223,233,357
	1,230,372,909	1,223,966,074
Analysed as follows:		
Non-current	1,229,099,037	1,223,233,357
Current	1,273,872	732,717
	1,230,372,909	1,223,966,074

12. TAXATION

The tax on the Company's results before taxation differs from the theoretical amount that would arise using the basic rate of the Company as follows:

	2019	2018
	Rs.	Rs.
Loss before taxation	(120,573,621)	(19,070,319)
Tax calculated at the rate of 15% (2018: 15%)	(18,086,043)	(2,860,548)
Expenses not allowable for tax purposes	20,418,866	3,195,875
Other deductible items	(1,983,507)	-
Utilisation of tax losses brought forward	(349,315)	(335,327)
	-	-

As at March 31, 2019, the Company had accumulated tax losses of Rs.384,521 (2018: Rs.47,488,045) in respect of which no deferred tax asset has been recognised due to unpredictability of future profit streams. Out of the tax losses available for the year of assessment 2014, Rs.2,328,768 were utilised during the year under review and the remaining tax losses of Rs.44,774,756 has lapsed.

Unutilised tax losses will lapse after five years. The tax losses as at March 31, 2019, are available for set-off against taxable profit of the Company as follows:

Financial year	Year of expiry	2019	2018
		Rs.	Rs.
March 31, 2014	2019	-	47,103,524
March 31, 2016	2021	384,521	384,521
		384,521	47,488,045

13. RELATED PARTY TRANSACTIONS

(a) The related party transactions during the years ended March 31, 2019 and 2018, are as follows:

	Movement	2019 (Payables)/ receivables	2018 (Payables)/ receivables
Holding company		Rs.	Rs.
Premium payable on redemption of redeemable preference shares	5,865,680	(1,229,099,037)	(1,223,233,357)
Redeemable preference shares (Note 10)	12,420,398	(3,016,850,473)	(3,004,430,075)

The movements during the year represent foreign exchange gain on translation of the premium payable and the redeemable preference shares as at reporting date.

13. **RELATED PARTY TRANSACTIONS (CONT'D)**

	Volume of transaction	2019 (Payables)/ receivables	2018 (Payables)/ receivables
	Rs.	Rs.	Rs.
Subsidiary companies			
Amount receivable (Note 7A & 7B)	(92,838,729)	232,836,365	325,675,094
Loans receivable(Note 7A & 7B)	2,147,904	76,489,376	74,341,472
Holding company			
Amount receivable (Note 7A & 7B)	(13,074,680)	44,187,329	57,262,009

(b) **Terms and conditions of transactions with related parties.**

(i) Outstanding balances at the year-end are unsecured and interest-free except for the loans receivable which bear interest at the rate of 4% and 5% and are repayable on demand.

(ii) There have been no guarantees received or provided for any outstanding balances.

(iii) For the years ended March 31, 2019 and 2018, the Company has not recorded any impairment with respect to amounts owed by related parties. This assessment is undertaken through examining the financial position of the related party and the market in which the party operates.

(iv) The terms and conditions of amounts receivable and payable are disclosed in notes 7, 10 and 11.

(v) The above transactions have been made on normal commercial terms and in the ordinary course of business.

14. **HOLDING COMPANY**

The directors consider 3i Infotech Limited, a company incorporated in India, as the holding company.

15. **CHANGES IN ACCOUNTING POLICIES**

IFRS 9 was adopted without restating comparative information. Any adjustments arising from the new accounting policies are not reflected in the comparatives for the year ended March 31, 2018. The amendment has no impact on the retained earnings as at April 1, 2018.

16. **CONTINGENT LIABILITIES**

There were no contingent liabilities as at March 31, 2019.

17. **EVENTS AFTER THE REPORTING DATE**

There has been no significant event after the reporting date which in the opinion of the directors requires disclosure in the financial statements.