

3i INFOTECH SAUDI LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

3I INFOTECH SAUDI ARABIA LLC
BALANCE SHEET AS AT MARCH 31,2019

(Amount in SAR)

Particulars	Notes	March 31, 2019	March 31, 2018
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	3	125,132	247,861
(b) Other Non-Current Assets	7	2,047,049	2,051,301
		2,172,182	2,299,162
Current assets			
(a) Financial Assets			
(i) Trade Receivables	5	72,173,919	41,662,106
(ii) Cash and Cash Equivalents	6	1,306,621	261,977
(iii) Other Financial Assets	4	10,346,671	9,718,623
(b) Other Current Assets	7	2,511,081	722,797
		86,338,292	52,365,503
TOTAL		88,510,474	54,664,665
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	9	500,000	500,000
(b) Other Equity	10	(29,449,425)	(30,752,046)
		(28,949,425)	(30,252,046)
Liabilities			
Non Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	10	-	-
(ii) Trade Payables	12	-	-
Micro, Small and Medium Enterprises		-	-
Others		-	-
(iii) Other Financial Liabilities	11	-	-
(a) Provisions	14	1,166,147	1,017,663
		1,166,147	1,017,663
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	10	-	-
(i) Trade Payables	12	-	-
Micro, Small and Medium Enterprises		-	-
Others		94,159,033	68,425,850
(ii) Other Financial Liabilities	11	93,140	383,910
(b) Other Current Liabilities	13	15,568,405	9,486,115
(c) Provisions	14	39,244	60,678
(d) Current Tax Liabilities (Net)	15	6,433,930	5,542,496
		116,293,752	83,899,049
TOTAL		88,510,474	54,664,665

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

For and on behalf of the board


Padmanabhan Iyer
Director
DIN: 05282942


Sandip Kumar Singh
Director

Navi Mumbai
Date : May 07,2019

3I INFOTECH SAUDI ARABIA LLC**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31,2019**

(Amount in SAR)

Particulars	Notes	2018-19	2017-18
REVENUE			
Revenue from operations (net)	16	39,172,314	35,685,840
Other income	17	28,637	360,728
Total Revenue (I)		39,200,950	36,046,567
EXPENSES			
Cost of party products and services	18	25,254,100	26,790,606
Employee benefits expense	19	4,887,698	5,169,846
Finance costs	20	21,541	17,334
Depreciation and amortization expense	21	122,728	135,111
Other expenses	22	3,316,315	780,079
Total Expenses (II)		33,602,383	32,892,975
Profit/(loss) before exceptional items and tax (I-II)		5,598,568	3,153,593
Exceptional Items		-	-
Profit/(loss) before tax		5,598,568	3,153,593
Tax expense:			
Current tax		4,443,625	3,485,925
Adjustment of tax relating to earlier periods		-	-
Profit/(loss) for the year		1,154,943	(332,333)
OTHER COMPREHENSIVE INCOME			
A. Other Comprehensive income not to be reclassified to profit and loss in subsequent periods:			
Remeasurement of gains (losses) on defined benefit plans		147,679	363,639
Other Comprehensive income for the year, net of tax		147,679	363,639
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,302,622	31,306
Earnings per share for profit attributable to equity shareholders			
Basic EPS		2,310	(665)
Dilluted EPS		2,310	(665)

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

For and on behalf of the board


 Padmanabhan Iyer
 Director
 DIN: 05282942


 Sandip Kumar Singh
 Director

Navi Mumbai
 Date : May 07,2019

3I INFOTECH SAUDI ARABIA LLC**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31,2019**

(Amount in SAR)

Particulars	2018-19	2017-18
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit/(Loss) before income tax from:	5,598,568	3,153,593
Adjustments for:		
Depreciation and amortisation expense	122,728	135,111
Foreign Exchange Fluctuation	-	(343,760)
Allowance for doubtful debts and advances	871,022	(1,761,953)
Remeasurement of gains (losses)on defined benefit plan	147,679	363,639
Change in operating assets and liabilities:		
(Increase)/decrease in trade receivables	(30,956,215)	2,182,395
Increase/(decrease) in trade payables	25,733,182	5,016,647
(Increase)/decrease in other financial assets	(628,045)	(7,346,965)
(Increase)/decrease in other non-current assets	4,251	(10,421)
Increase/(decrease) in provisions	(1,788,284)	(362,037)
Increase/(decrease)in employee benefit obligations	127,050	(291,176)
Increase/(decrease) in current liabilities	(70,610,506)	(1,576,420)
Cash generated from operations	(71,378,569)	(841,348)
Less: Income taxes paid	72,423,217	(220,770)
Net cash inflow from operating activities	1,044,647	(1,062,116)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for property, plant and equipment	-	(7,475)
Net cash outflow from investing activities	-	(7,475)
Net increase (decrease) in cash and cash equivalents	1,044,647	(1,069,591)
Cash and Cash Equivalents at the beginning of the financial year	261,977	1,331,569
Cash and Cash Equivalents at end of the year	1,306,624	261,978

Significant Accounting Policies and Notes forming part of the Financial Statements

1 to 34

For and on behalf of the board



Pa. Manabhan Iyer
Director
DIN: 05282942



Sandip Kumar Singh
Director

Navi Mumbai
Date : May 07,2019

3i INFOTECH SAUDI ARABIA LLC

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

1 Corporate Information

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

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

The financial statements for the year ended March 31, 2019 were approved by the Board of Directors and authorised for issue on May 07, 2019. These financial statements have been prepared for enabling ultimate holding company in preparation of consolidated financial statements.

2 Significant Accounting Policies

a) Statement of compliance

"These financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time. These financial statements have been prepared to assist the Holding Company (3i Infotech Limited) to comply with the requirements of section 129(3) of the Companies Act, 2013."

b) Basis of preparation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

c) Use of estimates and judgments

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key sources of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are in respect of impairment of investments, useful lives of property, plant and equipment, valuation of deferred tax assets, provisions and contingent liabilities.

(i) Impairment of investments

The Company reviews its carrying value of investments carried at amortised cost annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

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

(ii) **Useful lives of property, plant and equipment**

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

(iii) **Provisions and Contingent liabilities:**

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

d) **Revenue Recognition**

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

SALE OF GOODS

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered,
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready

- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation

- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is

- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an

Unbilled Revenue is recognised when there is excess of revenue earned over billings on contracts. Unbilled

Revenue from Sharing of Infrastructure Facilities:

- Revenue from sharing of infrastructure facilities is recognised based on usage of facilities.

e) **Interest Income**

Interest income is recognised using the effective interest method.

3) INFOTECH SAUDI ARABIA LLC

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

f) Leases

(i) Finance lease

Assets taken on lease by the Company in its capacity as a lessee, where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalised at the inception of the lease at the lower of the fair value or the present value of the minimum lease payments and a liability is recognised for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

(ii) Operating lease

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease. Operating lease payments are recognised on a straight line basis over the lease term in the statement of profit and loss, unless the lease agreement explicitly states that increase is on account of inflation.

g) Cost recognition

Costs and expenses are recognised when incurred and have been classified according to their nature.

The costs of the Company are broadly categorised in employee benefit expenses, cost of third party products and services, finance costs, depreciation and amortisation and other expenses. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Cost of third party products and services mainly include purchase of software licenses and products, fees to external consultants, cost of running its facilities, cost of equipment and other operating expenses. Finance cost includes interest and other borrowing cost. Other expenses is an aggregation of costs which are individually not material such as commission and brokerage, printing and stationery, communication, repairs and maintenance etc.

h) Foreign currency

The functional currency of the Company is Indian rupee (INR).

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

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

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

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

i) Income taxes

Current income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

3I INFOTECH SAUDI ARABIA LLC

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

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

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

Deferred income taxes

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

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

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

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

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

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

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

j) Financial instruments

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

(i) Cash and cash equivalents

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

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

(ii) Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

- Debt instruments at amortised cost

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

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

- Debt instrument at fair value through other comprehensive income (FVTOCI)

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

- (a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- (b) The asset's contractual cash flows represent SPPI.

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

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

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

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

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

3I INFOTECH SAUDI ARABIA LLC

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

- Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

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

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

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

Derecognition

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

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

(iii) Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

- Financial Liabilities at fair value through profit or loss

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

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

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

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

- **Loans and borrowings**

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

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

- **Financial guarantee contracts**

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

Derecognition

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

(iv) **Reclassification of financial assets**

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

3I INFOTECH SAUDI ARABIA LLC

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

(v) Offsetting of financial instruments

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

k) Property, plant and equipment

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

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

Depreciation methods, estimated useful lives and residual value

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

Category of Assets	Useful lives adopted by Company	Useful Lives prescribed under Schedule II of the
Computers	3 years	3-6 years
Leasehold Improvements	10 years	10 years
Office Equipment	5 years	5 years
Furniture and Fixtures	10 years	10 years
Vehicles	8 years	10 years

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

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

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

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

l) Impairment

Financial assets (other than at fair value)

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

3I INFOTECH SAUDI ARABIA LLC
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

m) Employee benefits

(i) Short-term obligations

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

(ii) Other long-term employee benefit obligations

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

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

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity; and
- (b) defined contribution plans such as provident fund.

- Gratuity obligations

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

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

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

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

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

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

- Defined contribution plans

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

- Superannuation contribution plan

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

(iv) Share-based payments

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

Employee options Plan

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

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

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

n) Trade and other payables

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

o) Borrowing costs

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

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

3I INFOTECH SAUDI ARABIA LLC

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

p) Provisions

General

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

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

Warranty provisions

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

q) Contingent liabilities recognised in a business combination

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

r) Contributed equity

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

s) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

3I INFOTECH SAUDI ARABIA LLC

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

t) Current/non current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

u) Inventories

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

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

Hardware and Supplies

Carried at lower of cost and net realisable value.

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

3I INFOTECH SAUDI ARABIA LLC**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

3. PROPERTY, PLANT AND EQUIPMENT						
(Amount in SAR)						
Particulars	Furniture and Fixtures	Vehicles	Office Equipments	Computer Hardwares	Leasehold Improvements	Total
GROSS CARRYING VALUE						
As at April 1, 2017	43,812	80,589	13,741	25,372	396,158	559,671
Additions	-	-	4,426	3,049	-	7,475
As at March 31, 2018	43,812	80,589	18,167	28,421	396,158	567,146
Additions	-	-	-	-	-	-
As at March 31, 2019	43,812	80,589	18,167	28,421	396,158	567,146
ACCUMULATED DEPRECIATION/IMPAIRMENT						
As at April 1, 2017	35,115	43,411	7,295	20,787	78,381	184,989
Depreciation for the year	7,549	20,049	3,544	5,688	97,467	134,297
As at March 31, 2018	42,664	63,461	10,839	26,474	175,848	319,285
Depreciation for the year	4,951	12,673	3,186	4,028	98,726	123,565
Deductions\Adjustments during the period	(7,880)	(11,598)	(2,284)	(3,987)	24,913	(836)
As at March 31, 2019	39,735	64,536	11,740	26,516	299,487	442,014
Net Carrying value as at March 31, 2019	4,077	16,052	6,427	1,905	96,671	125,133
Net Carrying value as at March 31, 2018	1,149	17,128	7,327	1,947	220,310	247,861

3I INFOTECH SAUDI ARABIA LLC**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019****4. FINANCIAL ASSETS**

Particulars	March 31, 2019	March 31, 2018
Current		
Financial assets carried at amortised cost		
Security Deposits	288,125	76,563
Unbilled Revenue (Net)	10,058,546	9,642,061
Total	10,346,671	9,718,623

5. TRADE RECEIVABLES

Particulars	(Amount in SAR)	
	March 31, 2019	March 31, 2018
Current		
Trade Receivables from customers	15,301,734	9,464,222
Receivables from other related parties	56,872,185	32,197,885
	72,173,919	41,662,106
Breakup of Security details		
Unsecured, considered good	72,173,919	41,662,106
Credit Impaired	3,255,784	2,917,757
	75,429,703	44,579,864
Impairment Allowance (allowance for bad and doubtful debts)		
Credit Impaired	3,255,784	2,917,757
	3,255,784	2,917,757
	72,173,919	41,662,106

3I INFOTECH SAUDI ARABIA LLC**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019****6. CASH AND CASH EQUIVALENTS**

Particulars	March 31, 2019	March 31, 2018
Balances with banks: - On current accounts	1,306,621	261,977
	1,306,621	261,977

7. OTHER ASSETS

Particulars	March 31, 2019	March 31, 2018
Non Current		
Others		
- Prepaid expenses	5,043	9,294
- Payment of Taxes (Net of Provisions)	-	-
- Balances with Statutory, Government Authorities	2,042,007	2,042,007
Total	2,047,049	2,051,301
Current		
Advances other than Capital advances		
- Advances to creditors	819,475	29,247
- Other Advances	2,089	51,632
Others		
- Prepaid expenses	87,253	161,017
- Balances with Statutory, Government Authorities	1,602,264	480,902
Total	2,511,081	722,797

3I INFOTECH SAUDI ARABIA LLC

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

8. INCOME TAX

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

i. Income tax recognised in profit or loss		(Amount in SAR)	
Particulars	2018-19	2017-18	
Current income tax charge	4,443,625	3,485,925	
Adjustment in respect of current income tax of previous year	-	-	
Income tax expense recognised in profit or loss	4,443,625	3,485,925	

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

Particulars	March 31, 2019	March 31, 2018
Profit before tax from continuing operations	5,598,568	3,153,593
Profit before tax from discontinuing operations	-	-
Accounting profit before income tax	5,598,568	3,153,593
Enacted tax rate in Saudi Arabia	20.00%	20.00%
Income tax on accounting profits	1,119,714	630,719
Effect of		
Withholding Tax on Remittances to Holding Company	61,229,353	47,743,417
Tax on Comprehensive Income	29,536	1,247,905
Provision for earlier years	-	-
Tax on Forex on Translation	-	55,385
Tax at effective income tax rate	62,378,602	49,677,426

3I INFOTECH SAUDI ARABIA LLC**STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2019****A Equity Share Capital**

(Amount in SAR)

Particulars	Balance at the Beginning of the period	Changes in Equity share capital during the year	Balance at the end of the period
March 31, 2018			
Numbers	500	-	500
Amount	500,000	-	500,000
March 31, 2019			
Numbers	500	-	500
Amount	500,000	-	500,000

B Other Equity

Particulars	Reserves and Surplus
	Retained Earnings
As at April 1, 2017	(30,783,352)
Profit for the period	(332,333)
Other comprehensive income	363,639
Others	-
As at March 31, 2018	(30,752,046)
Profit for the period	1,154,943
Other comprehensive income	147,679
Others	-
As at March 31, 2019	(29,449,424)

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

For and on behalf of the board

Padmanabhan Iyer
Director
DIN: 05282942
Sandip Kumar Singh
DirectorNavi Mumbai
Date : May 07, 2019

3i INFOTECH SAUDI ARABIA LLC

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

9. SHARE CAPITAL

i. Authorised Share Capital (Amount in SAR)

Particulars	Equity Share (1000 SAR Each)	
	Number	Amount
As at April 1, 2017	500	500,000
Increase/(decrease) during the year	-	-
As at March 31, 2018	500	500,000
Increase/(decrease) during the year	-	-
As at March 31, 2019	500	500,000

ii. Issued Capital

Equity Shares

Particulars	Number	Amount
Equity shares of 1000 SAR each issued, subscribed and fully paid		
As at April 1, 2017	500	500,000
Issued during the year	-	-
As at March 31, 2018	500	500,000
Issued during the year	-	-
As at March 31, 2019	500	500,000

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

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

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

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

vi. Shares reserved for issue under options.

10. OTHER EQUITY

i. Reserves and Surplus (Amount in SAR)

Particulars	March 31, 2019	March 31, 2018
Retained Earnings	(29,449,425)	(30,752,046)
	(29,449,425)	(30,752,046)

(a) Retained Earnings

(Amount in SAR)

Particulars	March 31, 2019	March 31, 2018
Opening balance	(30,752,046)	(30,783,352)
Net Profit/(Loss) for the period	1,154,943	(332,333)
Add/(Less):		
<i>Items of Other Comprehensive Income directly recognised in Retained Earnings</i>		
Remeasurement of post employment benefit obligation, net of tax	147,679	363,639
Others	-	-
Closing balance	(29,449,425)	(30,752,046)

11. OTHER FINANCIAL LIABILITIES

(Amount in SAR)

Particulars	March 31, 2019	March 31, 2018
Current		
Financial liabilities at amortised cost		
Dues to employees	93,140	383,910
Total	93,140	383,910

3I INFOTECH SAUDI ARABIA LLC

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

12. TRADE PAYABLES

(Amount in SAR)		
Particulars	March 31, 2019	March 31, 2018
Current		
Trade Payables to Related Parties	91,733,375	66,663,303
Trade Payables to Others	2,425,657	1,762,547
Total	94,159,033	68,425,850

13. OTHER LIABILITIES

(Amount in SAR)		
Particulars	March 31, 2019	March 31, 2018
Current		
Advance received from Customers (Including Unearned revenue)	3,479,519	2,094,127
Others		
Statutory Liabilities	12,088,882	7,391,985
Others	4	3
Total	15,568,405	9,486,115

14. PROVISIONS

(Amount in SAR)		
Particulars	March 31, 2019	March 31, 2018
Non Current		
Provision for employee benefits		
Gratuity	999,840	881,695
Leave encashment	166,307	135,968
Total	1,166,147	1,017,663
Current		
Provision for employee benefits		
Gratuity	30,694	47,534
Leave encashment	8,550	13,144
Total	39,244	60,678

15. CURRENT TAX LIABILITY(NET)

(Amount in SAR)		
Particulars	March 31, 2019	March 31, 2018
Current tax liability	5,542,496	5,542,496
Add: Current tax payable for the year	7,786,805	-
Less: Taxes paid	(257,815)	-
Closing Balance	6,433,930	5,542,496

3I INFOTECH SAUDI ARABIA LLC**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019****16. REVENUE FROM OPERATIONS**

(Amount in SAR)		
Particulars	2018-19	2017-18
IT Solutions	39,172,314	35,685,840
	39,172,314	35,685,840

17. OTHER INCOME

(Amount in SAR)		
Particulars	2018-19	2017-18
Foreign Exchange Fluctuation Gain	-	343,760
Miscellaneous income	28,637	16,968
	28,637	360,728

18. COST OF THIRD PARTY PRODUCTS AND SERVICES

(Amount in SAR)		
Particulars	2018-19	2017-18
Cost of third party products / outsourced services	25,254,100	26,790,606
	25,254,100	26,790,606

19. EMPLOYEE BENEFITS EXPENSE

(Amount in SAR)		
Particulars	2018-19	2017-18
Salaries, wages and bonus	4,455,606	4,718,265
Contribution to provident and other funds	119,703	112,465
Staff welfare expenses	24,271	14,370
Recruitment and training expenses	9,000	34,982
Gratuity Expense	279,119	289,764
	4,887,698	5,169,846

3I INFOTECH SAUDI ARABIA LLC**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019****20. FINANCE COST**

(Amount in SAR)		
Particulars	2018-19	2017-18
Other borrowing costs		
Others	21,541	17,334
	21,541	17,334

21. DEPRECIATION AND AMORTISATION EXPENSE

(Amount in SAR)		
Particulars	2018-19	2017-18
Depreciation on tangible assets	122,728	135,111
	122,728	135,111

22. OTHER EXPENSES

(Amount in SAR)		
Particulars	2018-19	2017-18
Electricity power, fuel and water	5,244	4,443
Repairs and maintenance	200	1,817
Insurance	230,173	230,654
Legal and professional fees	78,961	383,072
Rates and taxes	78,518	90,440
Rent	400,552	327,764
Telephone and internet expenses	99,015	106,029
Travelling & conveyance expenses	1,120,988	1,299,159
Allowance for doubtful debts and advances	871,022	(1,761,953)
Miscellaneous expenses	229,959	36,981
Electricity charges	17,394	7,980
Foreign exchange fluctuation loss	138,051	-
Printing and stationery	6,061	4,765
Office Expenses	40,178	48,930
	3,316,315	780,079

3I INFOTECH SAUDI ARABIA LLC**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019****23. EARNINGS PER SHARE**

Particulars	(Amount in SAR)	
	March 31, 2019	March 31, 2018
(a) Basic earnings per share	2,310	(665)
(b) Dilluted earnings per share	2,310	(665)
(c) Reconciliations of earnings used in calculating earnings per share		
<i>Basic earnings per share</i>		
Profit attributable to the equity holders of the company used in calculating basic earnings per share	1,154,943	(332,333)
<i>Dilluted earnings per share</i>		
Profit attributable to the equity holders of the company used in calculating dilluted earnings per share	1,154,943	(332,333)
(d) Weighted average number of shares used as the denominator		
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	500	500
Weighted average number of equity shares used as the denominator in calculating dilluted earnings per share	500	500

3I INFOTECH SAUDI LIMITED

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

24. EMPLOYEE BENEFIT OBLIGATIONS						
Particulars	(Amount in INR)					
	March 31, 2019			March 31, 2018		
	Current	Non Current	Total	Current	Non Current	Total
Leave obligations	8,550	166,307	174,857	13,144	135,968	149,112
Gratuity	30,694	999,840	1,030,534	47,534	881,695	929,229
Defined pension benefits	-	-	-	-	-	-
Total Employee Benefit Obligation	39,244	1,166,147	1,205,391	60,678	1,017,663	1,078,341

(i) Leave Obligations

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

The amount of the provision of SAR 8,550 (March 31, 2018: SAR 13,144) is presented as current, since the company does not have an unconditional right to defer settlement for any of these obligations.

(ii) Post Employment obligations

a) Gratuity

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

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

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

Particulars	Present value of obligation	Fair value of plan assets	Net amount
As at April 1, 2018	929,229	-	929,229
Forex on Translation	-	-	-
Current service cost	260,548	-	260,548
Interest expense/(income)	18,571	-	18,571
Total amount recognised in profit or loss	279,119	-	279,119
<i>Remeasurements</i>			
(Gain)/Loss from change in demographic assumptions	-	-	-
(Gain)/Loss from change in financial assumptions	(121,099)	-	(121,099)
Experience (gains)/losses	(26,580)	-	(26,580)
Total amount recognised in other comprehensive income	(147,679)	-	(147,679)
Forex on Translation	-	-	-
Benefit payments	(30,135)	-	(30,135)
As at March 31, 2019	1,030,533	-	1,030,534

3I INFOTECH SAUDI LIMITED

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

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

Particulars	March 31, 2019
Present value of funded obligations	1,030,534
Fair value of plan assets	-
Deficit of funded plan	1,030,534
Unfunded plans	-
Deficit of gratuity plan	1,030,534

The significant actuarial assumptions were as follows:

Particulars	March 31, 2019	March 31, 2018
Discount rate	2.70%	2.00%
Expected return on plan assets		
Salary growth rate		
For first 3 years	3.00%	3.00%
After 3 years	2.00%	2.00%
Withdrawal rate		
Upto 4 years	12.68%	12.68%
5 years and above	0%	0%
Mortality rate	100%	100.00%

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

Assumptions	Discount rate		Salary growth rate		Attrition rate	
	1% increase	1% decrease	1% increase	1% decrease	50% increase	50% decrease
March 31, 2019						
Impact on defined benefit obligation	878,983	1,232,599	1,231,627	876,827	1,039,819	1,035,170
% Impact	-15.30%	18.80%	18.70%	-15.50%	0.20%	-0.20%
March 31, 2018						
Impact on defined benefit obligation	779,306	1,102,957	1,100,717	778,241	923,192	924,065
% Impact	-15.60%	19.40%	19.20%	-15.70%	0.00%	0.00%

Assumptions	Mortality rate	
	10% increase	10% decrease
March 31, 2019		
Impact on defined benefit obligation	1,030,926	1,030,140
% Impact	0.00%	0.00%
March 31, 2018		
Impact on defined benefit obligation	923,628	923,627
% Impact	0.00%	0.00%

Particulars	March 31, 2019	March 31, 2018
1 year	30,594	47,247
2 to 5 years	60,593	30,412
6 to 10 years	212,133	218,963
More than 10 years	1,361,679	1,030,394

b) Defined pension benefits

Disclosures would be same as given for Gratuity

3I INFOTECH SAUDI ARABIA LLC

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

25. COMMITMENTS AND CONTINGENCIES
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(Amount in SAR)

A. Commitments

i. Leases

Operating lease commitments - Company as lessee

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

Particulars	March 31, 2019	March 31, 2018
Commitments for minimum lease payments in relation to non cancellable operating leases are as follows:		
Within one year	119,214	138,934
Later than one year but not later than five years	33,177	131,629
	152,391	270,563

B. Contingent Liabilities	March 31, 2019	March 31, 2018
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i. Claim against the company not acknowledged as debt

Disputed Income Tax Matters

4,097,599

4,097,599

Disputed Matters with Employee

Not Quantifiable

Not Quantifiable

4,097,599

4,097,599

3i INFOTECH SAUDI ARABIA LLC

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

(Amount in KES)

26. RELATED PARTY TRANSACTIONS

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

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

3i INFOTECH SAUDI ARABIA LLC**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019****(ii) Transactions with related parties**

The following transactions occurred with related parties

Name	Nature of Relationship	Nature of Transaction	March 31, 2019	March 31, 2018
3i Infotech Limited	Holding Company	Expenses	20,017,473	23,594,963
3i Infotech (Thailand) Limited	Fellow Subsidiary Company	Expenses	13,064	-
3i Infotech SDN BHD	Fellow Subsidiary Company	Expenses	12,413	-

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

Name	Nature of Relationship	March 31, 2019	March 31, 2018
Trade Receivables			
3i Infotech BPO Limited	Fellow Subsidiary Company	22,074	22,074
3i Infotech Limited	Holding Company	23,624,012	-
3i Infotech (Middle East) LLC	Fellow Subsidiary Company	33,226,099	32,175,811
Trade Payables			
3i Infotech Limited	Holding Company	90,410,485	66,663,303
3i Infotech (Middle East) LLC	Fellow Subsidiary Company	1,322,891	-

3I INFOTECH SAUDI ARABIA LLC

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

27. FAIR VALUE MEASUREMENTS

i. Financial Instruments by Category (Amount in KES)

Particulars	Carrying Amount		Fair Value	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
FINANCIAL ASSETS				
Amortised cost				
Trade Receivables	72,173,919	41,662,106	72,173,919	41,662,106
Cash and Cash Equivalents	1,306,621	261,977	1,306,621	261,977
Other Financial Assets	10,346,671	9,718,623	10,346,671	9,718,623
Total	83,827,210	51,642,706	83,827,210	51,642,706
FINANCIAL LIABILITIES				
Amortised cost				
Trade Payables	94,159,033	68,425,850	94,159,033	68,425,850
Other financial liabilities	93,140	383,910	93,140	383,910
Total	94,252,173	68,809,760	94,252,173	68,809,760

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

Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Accordingly, fair value of such instruments is not materially differ.

3I INFOTECH SAUDI ARABIA LLC

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

28. FINANCIAL RISK MANAGEMENT

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

i. Market Risk

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

(a) Foreign currency exchange rate risk

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

Considering the countries and the economic environment in which the Company operates, its operations are subject to risk arising from fluctuations in exchange rates in those countries. The risks primarily relates to fluctuations in US Dollar, Nigerian naira, Great Britain Pound and Euro against the functional currency of the Company. The ultimate holding Company evaluates the impact of the foreign exchange rate fluctuation by assessing its exposure to exchange rate risks on a group level basis.

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

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

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

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

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

	[Amount in SAR]	
	USD	Total
Total financial assets	83,827,210	83,827,210
Total financial liabilities	94,252,173	94,252,173

1% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease /increase in the Company's profit before tax by approximately SAR 0.01 crores for the year ended March 31, 2019

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

	[Amount in SAR]	
	USD	Total
Total financial assets	51,380,730	51,380,730
Total financial liabilities	68,809,760	68,809,760

1% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease /increase in the Company's profit before tax by approximately SAR 0.02 crores for the year ended March 31, 2018

(b) Interest rate risk

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

3I INFOTECH SAUDI ARABIA LLC

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

(ii) Credit risk

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

(1) Credit risk management

- Trade receivables and Unbilled revenues

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

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

- Other Financial Assets

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

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

(2) Credit risk exposure

- Trade receivables and Unbilled revenues

The carrying amount of trade receivables and unbilled revenues represents the maximum credit exposure from customers. The maximum exposure to credit risk from customers is SAR 87,164,333 (March 31, 2018: SAR 57,139,680). The lifetime expected credit loss on customer balance for the year ended March 31, 2019 is SAR 4,931,869 (March 31, 2018: SAR 5,835,514).

Particulars	March 31, 2019	March 31, 2018
Balance at the beginning	6,122,379	10,130,986
Impairment loss recognised/reversed	(1,190,510)	(4,008,607)
Balance at the end	4,931,869	6,122,379

(iii) Liquidity risks

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company consistently generated sufficient cash flow from operations to meet its financial obligation as and when they fall due.

The table below provides details regarding the contractual maturities of significant financial liabilities as at :

March 31, 2019	(Amount in SAR)				
	Due in 1 year	Due in 1-2 year	Due in 2-5 year	Due after 5 years	Total
Non-derivative financial liabilities :					
Trade and other payables	94,159,033	-	-	-	94,159,033
Other financial liabilities	93,140	-	-	-	93,140
Total	94,252,173	-	-	-	94,252,173

March 31, 2018	(Amount in SAR)				
	Due in 1 year	Due in 1-2 year	Due in 2-5 year	Due after 5 years	Total
Non-derivative financial liabilities :					
Trade and other payables	68,425,850	-	-	-	68,425,850
Other financial liabilities	383,910	-	-	-	383,910
Total	68,809,760	-	-	-	68,809,760

3I INFOTECH SAUDI ARABIA LLC

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

(Amount in SAR)

29. CAPITAL MANAGEMENT

The Company is a wholly owned subsidiary of 3i infotech Limited, India (being Ultimate Holding Company). The primary objective of the Ultimate Parent Company's capital management is to maximise its shareholder value. The Ultimate Parent company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the ultimate holding company may adjust the dividend payments, return capital to shareholders or issue new shares. The Company is not exposed to any externally imposed capital requirement. No changes were made in the objective or policies during the year March 31, 2019 and March 31, 2018.

Particulars	March 31, 2019	March 31, 2018
Borrowings other than convertible preference shares	-	-
Trade payables	94,159,033	68,425,850
Other payables	16,866,936	10,948,366
Less: cash and cash equivalents	(1,306,621)	(261,977)
Net Debt	109,719,347	79,112,239
Convertible preference shares	-	-
Equity	(28,949,425)	(30,252,046)
Total Capital	(28,949,425)	(30,252,046)
Capital and net debt	80,769,923	48,860,193
Gearing ratio	136	162

3I INFOTECH SAUDI ARABIA LLC**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2019**

(Amount in SAR)

30. ASSETS PLEDGED AS SECURITY		
The carrying amount of assets pledged as security for current and non current borrowings are:		
	March 31, 2019	March 31, 2018
CURRENT ASSETS		
i. Financial Assets		
Trade Receivable	72,173,919	41,662,106
Cash and cash equivalents	1,306,621	261,977
Other Financial Assets	10,346,671	9,718,623
ii. Non Financial Assets		
Other Current Assets	2,511,081	722,797
Total current assets pledge as security	86,338,292	52,365,503
NON CURRENT ASSETS		
Property, Plant and Equipment		
Furniture and Fixtures	4,077	1,149
Vehicles	16,052	17,128
Office Equipments	6,427	7,327
Computer Hardwares	1,905	1,947
Leasehold Improvements	96,671	220,310
Other Financial Assets	2,047,049	2,051,301
Total non current assets pledge as security	2,172,181	2,299,162

3I INFOTECH SAUDI ARABIA LLC

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

(Amount in SAR)

31. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The following table presents the recognised financial instruments that are offset and other agreements but not offset, as at March 31, 2019 and March 31, 2018. The column 'net amount' shows the impact on the company's balance sheet if all set-off rights were exercised.

Particulars	Effects of offsetting on the balance sheet			
	Gross amount	Gross amounts set off in the balance sheet	Net amount presented in the balance sheet	Net amount
March 31, 2019				
Financial assets				
Cash and cash equivalents	1,306,621		1,306,621	1,306,621
Trade receivables	72,110,229	(63,690)	72,173,919	72,173,919
Other financial assets	10,346,671		10,346,671	10,346,671
Total	83,763,521	(63,690)	83,827,210	83,827,210
Financial liabilities				
Trade payables	94,222,722	63,690	94,159,033	94,159,033
Total	94,222,722	63,690	94,159,033	94,159,033

30. Effective April 1, 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statement to evaluate changes in liabilities arising from financial activities, including both charges arising from cash flows and non cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financial activities, to meet the disclosure requirement. The adoption of amendment does not have any material impact on the financial statements"

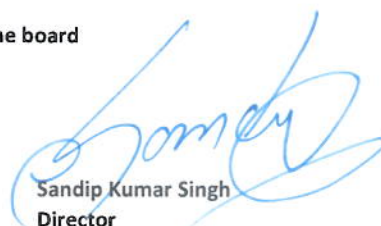
31. The accounts of certain Trade Receivables, Trade Payables, Loans and Advances and Banks are however, subject to formal confirmations / reconciliations and consequent adjustments, if any. However, the management does not expect any material difference affecting the current years financial statements on such reconciliations / adjustments.

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

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

For and on behalf of the board


Padmanabhan Ayer
Director
DIN: 05282942


Sandip Kumar Singh
Director

Navi Mumbai
Date : May 07, 2019