3I INFOTECH (MIDDLE EAST) FZ-LLC
DUBAI

Annual report and financial statements

Year ended March 31, 2020

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

Annual report and the financial statements for the year ended March 31, 2020

Contents

Director's report

The Director has pleasure in submitting their annual report and the financial statements of 3i Infotech (Middle East) FZ-LLC, Dubai ("the Company") for the year ended March 31, 2020.

Activities

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

Financial position

During the year, the Company achieved a turnover of AED 104,453,832 as against AED 95,640,751 in the previous year. The net profit for the year amounted to AED 16,053,616 (Previous year: AED 8,918,901). The Company's net assets as at the date of statement of financial position were AED 23,692,037.

Auditors

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

For and on behalf of the Company

P.O.Box 75952
Dubai - U.A.E
MBC AUDITING & ACCOUNTING

Padmanabhan Iyer
Director

May 21, 2020

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of 3i Infotech (Middle East) FZ-LLC, Dubai ("the Company"), which comprise the statement of financial position as at 31 March 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Directors for the Financial Statements

Management and Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and in compliance with the applicable provisions of the Company's Articles of Association and the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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مكتب ٥٠١ & ٥٠٢ ،برج المنارا، الخليج التجاري ، ص.ب : ٧٥٩٥٢ دبي - الامارات العربية المتحدة،تليفون : ١٣٥٢ ٥٥٢ ٤ ٩٧١+ ، فاكس : ١٣٢٨ ٥٥٢ ٤ ٩٧١+
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CORPORATE SERVICES

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

Other matter

The comparative figures of 3i Infotech (Middle East) FZ-LLC, Dubai for the year ended 31 March, 2019 has been reinstated with the assets and liabilities of Bahrain branch and these reinstated figures remain unaudited as on the date of this report.

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

i) the Company has maintained proper books of account;

ii) we have obtained all the information we considered necessary for the purposes of our audit;

iii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Company's Articles of Association and the UAE Federal Law No. (2) of 2015;

iv) the financial information included in the Director's report is consistent with the books of account of the Company;

v) investments in shares and stocks during the year ended 31 March 2020, if any, are disclosed in the financial statements;

vi) the material related party transactions and the terms under which they were conducted are disclosed in the financial statements;

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 March 2020, any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Articles of Association which would have a material impact on its activities or its financial position as at 31 March 2020; and

viii) the social contributions made during the year are disclosed in the financial statements.

For M B C Auditing and Accounting

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MBC AUDITING & ACCOUNTING

Ahmed Hasan Yousef Alhosani
Reg. No. 518

Dubai, United Arab Emirates

21 May 2020

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

Statement of financial position at March 31, 2020

	Notes	31/03/2020 AED	31/03/2019 AED
ASSETS			
Non current assets			
Property, plant and equipment	5	194,184	151,653
Investments		5,806	5,806
Total non current assets		199,990	157,459
Current assets			
Financial assets			
Accounts and other receivables	6	22,835,156	29,510,947
Contract work -in-progess	7	24,086,619	16,394,089
Due from related parties	8	593,979,024	604,026,504
Other current financial assets	9	224,812	31,319
Bank balances and cash	10	730,136	2,112,249
Total current assets		641,855,747	652,075,108
Current liabilities			
Financial liabilities			
Borrowings	11	583,376	436,930
Trade and other payables	12	18,270,172	19,988,471
Due to related parties	8	593,660,627	617,748,044
Total current liabilities		612,514,175	638,173,445
Net current assets		29,341,572	13,901,663
Non current liabilities			
Borrowings	11	5,466,751	9,618,404
Provision for employees' end of service benefits		382,773	457,959
Total non current liabilities		5,849,524	10,076,363
Net assets		23,692,037	3,982,758
Equity			
Share Capital	13	46,174,000	46,174,000
Application money pending allotment		4,048,001	4,048,001
Accumulated losses		(26,529,964)	(46,239,243)
Total equity		23,692,037	3,982,758

The financial statements have been approved by the Board of Directors on May 21, 2020 and are signed on its behalf by:

Padmanabhan Iyer
Director

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Statement of comprehensive income for the year ended March 31, 2020

	Notes	01/04/2019 to 31/03/2020 AED	01/04/2018 to 31/03/2019 AED
Revenue		104,453,832	95,640,751
Cost of revenue		(63,030,561)	(66,649,063)
Gross profit		41,423,271	28,991,688
Other income		1,908,751	1,463,519
Salaries and other benefits		(10,180,790)	(9,068,454)
Administration and general expenses	14	(12,872,590)	(8,550,241)
Finance costs		(4,292,564)	(3,849,161)
Depreciation	5	(146,447)	(68,450)
		15,839,631	8,918,901
Net profit for the year		15,839,631	8,918,901
Other comprehensive income			
Remeasurement of gains on Defined Benefit Plans		213,985	-
Total comprehensive income for the year		16,053,616	8,918,901

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

Statement of changes in equity for the year ended March 31, 2020

	Share Capital	Application money pending allotment	Accumulated losses	Total equity
	AED	AED	AED	AED
Balance at April 01, 2018	46,174,000	4,048,001	(55,158,144)	(4,936,143)
Total comprehensive income for the year		-	8,918,901	8,918,901
Balance at March 31, 2019	46,174,000	4,048,001	(46,239,243)	3,982,758
Adjustment of opening accumulated losses	-	-	3,655,663	3,655,663
Total comprehensive income for the year	-	-	16,053,616	16,053,616
Balance at March 31, 2020	**46,174,000**	**4,048,001**	**(26,529,964)**	**23,692,037**

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The notes on pages 9 to 23 form an integral part of these financial statements

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

Statement of cash flows for the year ended March 31, 2020

	Notes	01/04/2019 to 31/03/2020 AED	01/04/2018 to 31/03/2019 AED
Cash flows from operating activities			
Net profit for the year		16,053,616	8,918,901
Adjustments for:			
Depreciation	5	146,447	68,450
Financial charges		4,292,564	3,849,161
Provision for doubtful debts (Net of reversal impact)	6	1,227,960	1,102,518
Provision for doubtful Unbilled	7	1,759,676	-
Loss on disposal of property, plant and equipment		-	1,014
(Reversal) / Provision for employees' end of service benefits		(50,293)	56,396
Profit before working capital changes		23,429,970	13,996,440
Decrease / (Increase) in trade and other receivables	6	5,447,831	(7,209,685)
Increase in Other current financial assets	9	(193,493)	(12,919)
Increase in contract work in progress	7	(9,452,206)	(1,863,909)
Decrease / (Increase) in due from related parties	8	10,047,479	(2,739,432)
Decrease in due to related parties	8	(24,087,417)	(2,279,855)
(Decrease)/ Increase in trade and other payables	12	(1,718,299)	3,815,470
Payment of employees' end of service benefits		(24,893)	(21,707)
Net cash generated from operating activities		3,448,972	3,684,402
Cash flow from investing activities			
Purchase of property, plant and equipment	5	(188,977)	(61,897)
Net cash used in investing activities		(188,977)	(61,897)
Cash flow from Financing Activitues			
Payment of financial cost		(4,292,564)	(3,849,161)
Adjustment of opening accumulated losses		3,655,663	-
Movements in borrowings, net	11	(4,005,207)	703,414
Net Cash used in Financing activities		(4,642,108)	(3,145,747)
Net (Decrease)/increase in cash and cash equivalents		(1,382,113)	476,758
Cash and cash equivalents at beginning of year		2,112,249	1,635,491
Cash and cash equivalents at end of year	10	730,136	2,112,249

The notes on pages 9 to 23 form an integral part of these financial statements

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1 **Status and activity**

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

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

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

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

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

New standards, interpretations and amendments effective from January 1, 2019

The Company applied IFRS 16 Leases and several other amendments and interpretations for the first time in 2019, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the statement of financial position.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Company is the lessor.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at January 1, 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

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

IFRS 16 Leases *(Continued)*

The adoption of this new standard has resulted in the Company recognizing a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term equal to or less than 12 months from the date of initial application.

The new standard has been applied by the Company (as a lessee) using the modified retrospective approach, whereas a right-of-use asset is measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payment relating to that lease recognized in the statement of financial position immediately before the date of initial application. Prior periods have not been restated.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets, the Company has applied the optional exemptions to not recognize right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at a fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the financial statements of the Company.

IAS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted.

These amendments had no impact on the financial statements of the Company as there is no borrowing costs incurred.

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

IFRS 17 Insurance Contracts

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

IFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. Early application is permitted. This standard is not applicable to the Company.

Amendments to IFRS 3: Definition of a Business

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

This amendment is effective for reporting periods beginning on or after January 1, 2020. This standard is not applicable to the Company.

Amendments to IAS 1 and IAS 8: Definition of Material

The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

This amendment is effective for reporting periods beginning on or after January 1, 2020. The amendments to the definition of material is not expected to have a significant impact on the Company's financial statements.

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

Revised

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting;
- reinstating prudence as a component of neutrality;
- defining a reporting entity, which may be legal entity, or a portion of an entity;
- revising the definitions of an asset and a liability;
- removing the probability threshold for recognition and adding guidance on derecognition;
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance of faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from January 1, 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

3 Significant accounting policies

These financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards. These financial statements also comply with the Implementing Regulations of UAE Commercial Companies Federal Law No. 2 of 2015.
The significant accounting policies adopted in the preparation of these financial statements are set out below. The policies have been consistently applied to all years presented unless otherwise stated.

Property, plant and equipment

Property, plant and equipment are initially recognized at cost. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive income during the year in which they are incurred.

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

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

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3 Significant accounting policies *(Continued)*

Depreciation

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

Computer equipments	3 years
Furniture and fixtures	10 years
Office equipments	5 years
Asset under lease	2 years

Impairments

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

Financial assets

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

Amortised cost

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

Fair value through other comprehensive income

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

Fair value through profit or loss

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

Impairment

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

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3 Significant accounting policies *(Continued)*

Impairment *(Continued)*

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

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

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

Derecognition

A financial asset is primarily derecognized when:

- The rights to receive cash flows from the asset have expired or
- The Company has transferred its rights to receive cash flows from the asset

Financial liabilities

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Loans and borrowings

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

Derecognition

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

Derivative financial instruments

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

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3 Significant accounting policies *(Continued)*

Offsetting of financial instruments

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

Employees' end of service gratuities

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

Provisions

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

Revenue recognition

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

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

Leasing

Right-of-use asset

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

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3 Significant accounting policies *(Continued)*

Lease Liabilities

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

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

Short-term leases and leases of low-value assets

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

Foreign currencies

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

Cash and cash equivalents

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

4 Critical accounting judgments and key sources of estimation uncertainty

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

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4 Critical accounting judgments and key sources of estimation uncertainty *(Continued)*

Key sources of estimation uncertainty

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

Property, plant and equipment

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

Impairment of financial assets

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

5 Property, plant and equipment

Movements in property, plant and equipment are given on page 23.

6 Accounts and other receivables

	31/3/2020 AED	31/3/2019 AED
Accounts Receivables	**26,010,427**	30,978,384
Less: Allowance for doubtful debts	**(4,201,099)**	(2,973,296)
	21,809,329	28,005,088
Prepayments	**917,079**	1,194,031
Deposits	**27,731**	31,500
Advances paid to staff	**18,647**	26,035
Advance to supplier	**62,369**	254,293
	22,835,156	29,510,947

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

7 Contract work in progress

	31/3/2020 AED	31/3/2019 AED
Excess of Revenue recognized over Billing	**32,731,484**	23,279,278
Less: Allowance for doubtful Unbilled	**(8,644,864)**	(6,885,188)
	24,086,619	16,394,089

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8 Related parties

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

	31/3/2020 AED	31/3/2019 AED
Receivables:		
3I Infotech Limited - MEA Branch	588,915,336	587,760,190
3I Infotech Limited, India	-	14,543,723
3I Infotech Limited(Formerly Black Barret),Cyprus	420,590	326,207
3I Infotech Proprietary Limited, South Africa	279,164	257,474
3I INFOTECH (AFRICA) LIMITED	415,666	-
3I Infotech Sdn Bhd	-	15,235
3I Infotech Software Soluction LLC	-	598,967
3i Infotech Nigeria Limited	3,120,332	-
3I Infotech Thailand Limited	3,567	-
3I Infotech UK Limited	824,368	524,708
	593,979,024	604,026,504
Payables:		
3I Infotech Holdings Private Limited (Mauritius)	42,690,677	42,654,863
3I Infotech Inc	478,471,838	504,136,149
3I Infotech Saudi Arabia Limited	32,013,741	31,243,855
3I Infotech Limited, India	28,326,033	28,129,515
3I Infotech SDN BHD	11,889,433	11,135,818
3I Infotech (Africa) Limited	-	447,845
3I Infotech Software Soluction LLC	268,905	-
	593,660,627	617,748,044

9 Other current financial assets

	31/3/2020 AED	31/3/2019 AED
Margin held with banks	224,812	31,319
	224,812	31,319

10 Bank balances and cash

	31/3/2020 AED	31/3/2019 AED
Cash in hand	**218,712**	179,891
Bank current accounts	**511,424**	1,932,358
	730,136	2,112,249

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

11 Borrowings

	31/3/2020 AED	31/3/2019 AED
Term loans	**5,981,876**	10,055,334
Lease Liability	**68,251**	-
	6,050,127	10,055,334
Borrowings *(current portion)*	**583,376**	436,930
Borrowings (non - current portion)	**5,466,751**	9,618,404

The borrowings are secured by the personal guarantee of the shareholders.The Company's obligations under finance lease are secured by the lessor's charge over the leased assets.

12 Trade and other payables

	31/3/2020 AED	31/3/2019 AED
Trade payables	**427,555**	3,857,835
Accrued expenses	**5,839,110**	2,112,838
Advance from customers	**11,604,950**	13,776,074
Other Payable	**398,557**	241,724
	18,270,172	19,988,471

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

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13 Share Capital

	31/03/2020 AED	31/03/2019 AED
Authorized, issued and paid up capital		
46,174 shares of AED 1,000 each	**46,174,000**	46,174,000

Name of the Shareholders	No of shares	Amount
3i Infotech Holdings Private Limited, Mauritius	46174	46,174,000
	46174	46,174,000

14 Administration and general expenses

	01/04/2019 to 31/03/2020 AED	01/04/2018 to 31/03/2019 AED
Rent	**677,484**	985,867
Business promotion and advertisement	**126,500**	97,273
Legal, visa and professional fees	**2,809,352**	81,839
Travelling and conveyance	**3,693,167**	3,704,304
Repairs and maintenance	**59,310**	29,005
Communication and utilities	**515,871**	502,636
Allowance for bad debts	**3,725,854**	1,424,678
Insurance	**245,731**	271,841
Office expenses	**56,423**	53,677
Duties and taxes	**48,960**	711,830
Other expenses	**913,939**	687,290
	12,872,590	8,550,241

15 Financial instruments - risk management

Capital management

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

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

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

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15 Financial instruments - risk management ***(Continued)***

Financial risk factors

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

a. Interest rate risk

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

b. Credit risk

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

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

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

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

c. Liquidity risk

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

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15 Financial instruments - risk management (Continued)

Financial risk factors *(Continued)*

d. Market risk management

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

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

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

e. Foreign currency risk

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

16 Fair value

The fair value of a particular asset or liability is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of the financial assets and liabilities approximate their carrying amounts as reflected in these financial statements.

17 Contingencies and commitments

There are contingent liabilities outstanding amounting to AED 2,191,595 as at the date of statement of financial position.

18 Comparative figures

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

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Schedule of property, plant and equipment

	Computer equipments AED	Furniture and fixtures AED	Office equipments AED	Asset under lease AED	Total AED
Cost					
At April 01,2018	376,187	38,866	139,684	-	554,737
Additions	57,966	1,905	2,026	-	61,897
Disposals	-	(1,875)	-	-	(1,875)
At March 31, 2019	434,153	38,896	141,710	-	614,759
Additions	55,550	3,150	-	130,277	188,977
At March 31, 2020	**489,703**	42,046	**141,710**	**130,277**	**803,736**
Depreciation					
At April 01,2018	320,079	11,027	64,411	-	395,517
Charge for the year	36,161	4,077	28,212.00	-	68,450
On disposals	-	(861)	-	-	(861)
At March 31, 2019	356,240	14,243	92,623	-	463,106
Charge for the year	51,057	4,584	25,667	65,139	146,447
At March 31, 2020	**407,297**	**18,827**	**118,290**	**65,139**	**609,553**
Net Book Value					
At March 31, 2020	**82,406**	**23,219**	**23,420**	**65,139**	**194,184**
At March 31, 2019	77,913	24,653	49,087	-	151,653

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