

**EXPLEO SOLUTIONS FZE
HAMRIYAH FREE ZONE AUTHORITY
SHARJAH, U.A.E.
FINANCIAL STATEMENTS
31 MARCH 2024**

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31 MARCH 2024**

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**EXPLEO SOLUTIONS FZE
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SHARJAH, U.A.E.
DIRECTOR'S REPORT
31 MARCH 2024**

The director has pleasure in submitting his report and the audited financial statements for the year ended 31 March 2024.

Principal Activity

The principal activity of the FZE is IT Consultancy.

Business Operations Review

The FZE has earned a total comprehensive income of AED 425,090/- for the year.

Events since the end of the year

There are no significant events since the end of the financial year and the date of this report, which is likely to affect, substantially the result of the operations or the financial position of the FZE.

Shareholder and his interests

The shareholder as at 31 March 2024 and his interests in the share capital of the FZE as at that date were as follows:

Name	Number of share	AED
M/s Expleo Solutions Limited	600	600,000
	600	600,000

Auditors

The auditors, M/s Nadeem and Umendra Chartered Accountants are appointed to carry out independent audit for the year.

Authorized Signatory

15 May 2024

EXPLEO SOLUTIONS FZE
HAMRIYAH FREE ZONE AUTHORITY
SHARJAH, U.A.E.
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

	Note	2024 AED	2023 AED
NON-CURRENT ASSETS			
Fixed assets	4	1	1
		<u>1</u>	<u>1</u>
CURRENT ASSETS			
Other current assets	5	995,073	570,171
Due from related parties	6	4,068,226	4,794,646
Cash and cash equivalents	7	314,758	935,846
		<u>5,378,058</u>	<u>6,300,663</u>
TOTAL ASSETS		<u><u>5,378,058</u></u>	<u><u>6,300,664</u></u>
CURRENT LIABILITIES			
Accounts and other payables	8	861,884	2,209,580
		<u>861,884</u>	<u>2,209,580</u>
EQUITY FUNDS			
Share capital		600,000	600,000
Retained earnings		3,916,174	3,491,083
		<u>4,516,174</u>	<u>4,091,083</u>
TOTAL CURRENT LIABILITIES AND EQUITY FUNDS		<u><u>5,378,058</u></u>	<u><u>6,300,664</u></u>

The accounting policies and notes on pages 7 to 12 form an integral part of these financial statements.

The independent auditors' report is set forth on page 2 - 2A.

These financial statements have been approved and signed by the undersigned on 15 May 2024.

For EXPLEO SOLUTIONS FZE

Authorized Signatory

EXPLEO SOLUTIONS FZE
HAMRIYAH FREE ZONE AUTHORITY
SHARJAH, U.A.E.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 AED	2023 AED
REVENUE	9	13,085,224	10,503,286
Cost of sales	10	<u>(9,725,647)</u>	<u>(7,980,491)</u>
GROSS PROFIT		3,359,577	2,522,795
Administrative expenses	11	(2,813,991)	(2,406,035)
OPERATING PROFIT		<u>545,586</u>	<u>116,760</u>
Financial charges	12	(23,404)	(17,016)
NET PROFIT FOR THE YEAR		<u>522,182</u>	<u>99,744</u>
Other comprehensive (loss) / income		(97,092)	85,873
TOTAL COMPREHENSIVE INCOME		<u>425,090</u>	<u>185,617</u>

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2024

	Share capital AED	Retained earnings AED	Total AED
As at 1 April 2022	600,000	3,305,466	3,905,466
Profit for the year	-	185,617	185,617
As at 30 March 2023	600,000	3,491,083	4,091,083
Profit for the year	-	425,090	425,090
As at 31 March 2024	600,000	3,916,174	4,516,173

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 AED	2023 AED
Cash flows from operating activities			
Profit for the year		425,090	185,617
Operating profit before changes in operating assets and liabilities		<u>425,090</u>	<u>185,617</u>
(Increase) / (decrease) in other current assets		(424,902)	118,211
Decrease / (increase) in due from related parties		726,420	(565,918)
(Decrease) / increase in accounts and other payables		<u>(1,347,696)</u>	<u>196,456</u>
		<u>(1,046,178)</u>	<u>(251,252)</u>
Net cash flow (used in) operating activities (A)		<u>(621,088)</u>	<u>(65,635)</u>
Net (decrease) in cash and cash equivalents (A)		(621,088)	(65,635)
Cash and cash equivalents at beginning of the year		935,846	1,001,481
Cash and cash equivalents at end of the year	8	<u><u>314,758</u></u>	<u><u>935,846</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

1 LEGAL STATUS AND BUSINESS ACTIVITY

- a) **EXPLEO SOLUTIONS FZE** was registered on 15 June 2010, in Hamriyah Free Zone, Sharjah, United Arab Emirates, as a Free Zone Establishment in accordance with the provision of Article 218 of the UAE Commercial Companies Law No. 2 of 2015. The registered address of the FZE is E-LOB - Office No. E-77G-04, P.O.Box 50989, Hamriyah Free Zone, Sharjah, UAE.
- b) The principal activity of the FZE is IT Consultancy.

2 SHAREHOLDING

The shareholding of the EXPLEO SOLUTIONS FZE is as follows

Name	Number of share	AED
M/s Expleo Solutions Limited	600	600,000
	600	600,000

- 2.1 The authorized and paid up share capital of the EXPLEO SOLUTIONS FZE is AED 600,000/- divided into 600 share of AED 1,000/- each.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 New standards and amendments issued.

Description	<u>Effective for annual periods beginning on or after</u>
Amendments to IFRS 9 – Prepayment Features with Negative Compensation	January 1, 2023
Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures	January 1, 2022
Annual Improvements to IFRS Standards 2015-2017 Cycle	January 1, 2023
Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement	January 1, 2022
IFRS 17 - Insurance Contracts	January 1, 2023

Management anticipates that these new standards, interpretations and amendments will be adopted in the financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the financial statements in the period of initial application.

3.2 Impact of standards adopted in 2018

3.2.1 IFRS 15 Revenue from Contract with Customers

The effect of adoption of IFRS 15 on the balance sheet and retained earnings is not material and disclosed where applicable in the Notes to these financial statements.

**EXPLEO SOLUTIONS FZE
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

3.2.2 IFRS 9 Financial Instruments

The Entity adopted IFRS 9 Financial Instruments from January 1, 2018. The effect of adoption of IFRS 9 on the balance sheet and retained earnings is not material and has been disclosed where applicable in the notes to these financial statements.

3.2.3 IFRS 16 Leases

IFRS 16 was issued in January 2016 and will supersede IAS 17 Leases. It will result in almost all leases being recognized on the balance sheet as the distinction between operating and finance lease is removed for leases. Under the new standard, both an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low value leases.

The standard is mandatory for financial years commencing on or after January 1, 2019.

a) Basis of preparation

These financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and the requirements of UAE Commercial Companies Law No. 32 of 2021.

b) Presentation currency

These financial statements have been expressed in UAE Dirham, which is the functional and domicile currency of the FZE. The figures have been rounded off the nearest 1/- UAE Dirham.

c) Summary of Significant accounting Policies

The significant accounting policies adopted and which have been consistently applied are as follows:

i) Revenue recognition

Revenue from the sale of goods or services in normal course of business is recognised at a point in time when the performance obligation is satisfied and is based on the amount of the transaction price that is allocated to the performance obligation. The transaction price is the amount of consideration to which the Entity expects to be entitled in exchange for transferring promised goods or services to the customer.

ii) Foreign currency transactions

Transactions in foreign currencies are translated into UAE Dirham at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirham at the rate of exchange ruling at the statement of financial position date.

Gains or losses resulting from foreign currency transactions are taken to the statement of comprehensive income.

iii) Provisions

Provisions are recognized when the Entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a realizable estimate of the amount of the obligation can be made.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

iv) Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation and impairment losses. The cost less estimated residual value, where material, is depreciated using the straight-line method from the date of acquisition to the estimated useful life.

An assessment of residual values is undertaken at each statement of financial position date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

	<u>% age</u>
Office Equipments	33.33
Computer Equipment	33.33

v) Cash and cash equivalents

Cash and cash equivalents comprise cash and balance in bank current accounts.

vi) Financial instruments

Financial assets and financial liabilities are recognized when, and only when, the FZE becomes a party to the contractual provisions of the instrument.

Financial assets are de-recognized when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred.

Financial liabilities are de-recognized when, and only when, they are extinguished, cancelled or expired.

Current and non-current financial assets that have fixed or determinable payments and for which there is no active market, which comprise trade and other receivables and related party receivables, are classified as receivables and stated at cost or, if the impact is material, at amortized cost using the effective interest method, less any write down for impairment losses plus reversals of impairment losses. Impairment losses and reversals thereof are recognized in the statement of comprehensive income.

Current and non-current financial liabilities, which comprise current and non-current bank borrowings, trade and other payables and partners' current account, are measured at cost or, if the impact is material, at amortized cost using the effective interest method.

	Office Equipments	Computer Equipment AED	Total AED
4 FIXED ASSETS			
Cost			
As at 1 April 2023	3,635	23,959	27,594
As at 31 March 2024	3,635	23,959	27,594
Accumulated depreciation			
As at 1 April 2023	3,635	23,958	27,593
Charge for the year	-	-	1
As at 31 March 2024	3,635	23,958	27,594
Net Asset Value on 31 March 2024	-	1	1

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

	2024 AED	2023 AED
5 OTHER CURRENT ASSETS		
Advances to suppliers	287,000	-
VAT on Purchase	193,010	164,386
Prepayments	25,081	18,775
Advances to staff	163,100	50,269
Deposits	326,882	336,742
	<u>995,073</u>	<u>570,171</u>
6 RELATED PARTY TRANSACTIONS		
Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions.		
For the year ended 31 March 2024, following are the details of related party transactions:		
DUE FROM RELATED PARTIES		
Expleo Solution Limited	4,068,226	4,794,646
	<u>4,068,226</u>	<u>4,794,646</u>
7 CASH AND CASH EQUIVALENTS		
Cash at bank	314,758	935,846
	<u>314,758</u>	<u>935,846</u>
8 ACCOUNTS AND OTHER PAYABLES		
Account payable	78,107	104,133
Provisions	758,091	1,874,267
Employees expenses payable	25,686	231,180
	<u>861,884</u>	<u>2,209,580</u>
9 REVENUE	13,085,224	10,503,286
Revenue (Note 9.1)	<u>13,085,224</u>	<u>10,503,286</u>

- 9.1 Revenue represents invoices raised for services rendered on behalf of Parent Company Expleo Solutions Limited (Formerly known as SQS India BFSI Limited).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

	2024 AED	2023 AED
10 COST OF SALES		
Direct expenses	<u>9,725,647</u>	<u>7,980,491</u>
	<u>9,725,647</u>	<u>7,980,491</u>
11 ADMINISTRATIVE EXPENSES		
Salaries and benefits	2,158,966	1,976,080
Professional fees	53,474	42,945
Communication and Utilities	23,477	549
Business promotion expenses	286,053	192,597
Travelling expenses	124,233	72,511
Rates and Taxes	5,137	19,863
Insurance	71,893	95,178
Excahange loss	18,513	-
Other administrative expenses	72,245	6,313
	<u>2,813,991</u>	<u>2,406,035</u>
12 FINANCIAL CHARGES		
Bank charges	23,404	17,016
	<u>23,404</u>	<u>17,016</u>

13 FINANCIAL INSTRUMENTS

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed.

The primary risks to which the business is exposed comprise credit, currency and liquidity and cash flow interest rate risks.

Credit risk

Financial assets that potentially expose the FZE to concentrations of credit risk comprise principally bank balances and trade and other receivables.

Credit risk relating to trade receivables is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up.

The FZE bank accounts are placed with high credit quality financial institutions.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

Financial Instruments (Continued.)

Currency risk

There are no significant exchange rate risk as substantially all financial assets and liabilities are denominated in AED or US Dollars against which the UAE Dirham rate is fixed.

14 FAIR VALUE

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value of the financial assets and financial liabilities which are required to be carried at cost or at amortized cost approximates to their carrying values.

15 COMPARATIVE FIGURE

Previous year figures have been reclassified / regrouped wherever necessary to conform to the presentation adopted in these financial statements.

The accounting policies and notes on pages 7 to 12 form an integral part of these financial statements.

The independent auditors' report is set forth on page 2 - 2A.

These financial statements have been approved and signed by the undersigned on 15 May 2024.

For EXPLEO SOLUTIONS FZE

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