

**EXPLEO SOLUTIONS FZE
HAMRIYAH FREE ZONE AUTHORITY
SHARJAH, U.A.E.
FINANCIAL STATEMENTS
31 MARCH 2021**

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FINANCIAL STATEMENTS
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CONTENTS	PAGE
DIRECTOR'S REPORT	1
INDEPENDENT AUDITORS' REPORT	2 & 2A
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	4
STATEMENT OF CHANGES IN EQUITY	5
STATEMENT OF CASH FLOWS	6
NOTES TO THE FINANCIAL STATEMENTS	7 - 12

**EXPLEO SOLUTIONS FZE
HAMRIYAH FREE ZONE AUTHORITY
SHARJAH, U.A.E.
DIRECTOR'S REPORT
31 MARCH 2021**

The director has pleasure in submitting his report and the audited financial statements for the year ended 31 March 2021.

Principal Activity

The principal activity of the FZE is IT Consultancy.

Business Operations Review

The FZE has earned a total comprehensive income of AED 139,045/- 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 2021 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

6 May 2021

Independent auditor's report

**To,
Shareholders
Expleo Solutions FZE
Hamriyah Free Zone Authority, Sharjah, U.A.E**

Report on the audit of the financial statements

Opinion

We have audited the acEntitying financial statements of Expleo Solutions FZE, Hamriyah Free Zone Authority, Sharjah - United Arab Emirates, which comprise the statement of financial position as at March 31, 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year ended March 31, 2021, and a summary of significant accounting policies and other explanatory information.

In our opinion, the acEntitying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2021, and its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards (IFRSs).

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 Entity in accordance 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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 is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent auditor's report "Expleo Solutions FZE" (Continued.)

- 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 Entity'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 Entity to cease to continue as a going concern.

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

Report on other legal and regulatory requirements

As required by the U.A.E. Federal Commercial Companies Law No. 2 of 2015, we further confirm that,

- 1 We have obtained all the information and explanations which we consider necessary for our audit.
- 2 The financial statements have been prepared and comply in all material respects with the applicable provisions of the U.A.E. Federal Commercial Companies Law No. 2 of 2015, and the Memorandum and Articles of Association of the Entity.
- 3 Proper books of accounts have been maintained by the Entity.
- 4 The contents of the Director's report which relates to the financial statements are in agreement with the Entity's books of account.
- 5 The Entity has not made any investments in shares and stocks during the year ended **March 31, 2021**.
- 6 The Entity have related party transactions during the year ended **March 31, 2021** refer to note no.6.
- 7 Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Entity has contravened, during the financial period ended, any of the applicable provisions of the U.A.E Federal Commercial Companies Law No. 2 of 2015, or the Memorandum and Articles of Association of the Entity, which would materially affect its activities or its financial position as of **March 31, 2021**.

Nadeem Hussain Khan
Audit Partner
Regn. No: 756
Nadeem and Umendra Chartered Accountants
Dubai - United Arab Emirates

May 6, 2021

EXPLEO SOLUTIONS FZE
HAMRIYAH FREE ZONE AUTHORITY
SHARJAH, U.A.E.
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	2021 AED	2020 AED
NON-CURRENT ASSETS			
Fixed assets	4	1,241	6,110
		<u>1,241</u>	<u>6,110</u>
CURRENT ASSETS			
Other current assets	5	658,851	539,623
Due from related parties	6	4,162,145	4,716,281
Cash and cash equivalents	7	782,273	628,746
		<u>5,603,269</u>	<u>5,884,650</u>
TOTAL ASSETS		<u>5,604,510</u>	<u>5,890,760</u>
CURRENT LIABILITIES			
Due to related parties	6	332,561	328,850
Other payables and provisions	8	1,541,144	1,970,151
		<u>1,873,706</u>	<u>2,299,001</u>
EQUITY FUNDS			
Share capital		600,000	600,000
Retained earnings		3,130,804	2,991,759
		<u>3,730,804</u>	<u>3,591,759</u>
CURRENT LIABILITIES AND EQUITY FUNDS		<u>5,604,510</u>	<u>5,890,760</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 6 May 2021.

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 2021

	Note	2021 AED	2020 AED
REVENUE	9	9,591,223	10,525,599
Cost of sales	10	<u>(7,745,369)</u>	<u>(8,204,885)</u>
GROSS PROFIT		1,845,854	2,320,714
Administrative expenses	11	(1,842,774)	(2,065,472)
Depreciation	4	(4,870)	(5,451)
OPERATING (LOSS) / PROFIT		<u>(1,790)</u>	<u>249,791</u>
Financial charges	12	(5,220)	(11,209)
NET (LOSS) / PROFIT FOR THE YEAR		<u>(7,010)</u>	<u>238,582</u>
Other comprehensive income		146,055	16,708
TOTAL COMPREHENSIVE INCOME		<u><u>139,045</u></u>	<u><u>255,290</u></u>

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For EXPLEO SOLUTIONS FZE

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EXPLEO SOLUTIONS FZE
HAMRIYAH FREE ZONE AUTHORITY
SHARJAH, U.A.E.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Share capital AED	Retained earnings AED	Total AED
As at 1 April 2019	600,000	2,736,469	3,336,469
Profit for the year	-	255,290	255,290
As at 30 March 2020	600,000	2,991,759	3,591,759
Profit for the year	-	139,045	139,045
As at 31 March 2021	600,000	3,130,804	3,730,804

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

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For EXPLEO SOLUTIONS FZE

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**EXPLEO SOLUTIONS FZE
HAMRIYAH FREE ZONE AUTHORITY
SHARJAH, U.A.E.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 AED	2020 AED
Cash flows from operating activities			
Profit for the year		139,045	255,290
Adjustment:			
Add: Depreciation	4	<u>4,870</u>	<u>5,451</u>
Operating profit before changes in operating assets and liabilities		143,915	260,741
(Increase) in other current assets		(119,228)	(77,278)
Decrease / (Increase) in due from related parties		554,136	(342,354)
Increase in due to related parties		3,711	14,793
(Decrease) / Increase in accrued and other payables		(429,007)	683,602
		<u>9,612</u>	<u>278,763</u>
Net cash flow from operating activities (A)		<u>153,527</u>	<u>539,504</u>
Net increase in cash and cash equivalents (A)		153,527	539,504
Cash and cash equivalents at beginning of the year		<u>628,746</u>	<u>89,242</u>
Cash and cash equivalents at end of the year	8	<u><u>782,273</u></u>	<u><u>628,746</u></u>

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

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These financial statements have been approved and signed by the undersigned on 6 May 2021.

For EXPLEO SOLUTIONS FZE

Authorized Signatory

**EXPLEO SOLUTIONS FZE
HAMRIYAH FREE ZONE AUTHORITY
SHARJAH, U.A.E.**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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 (formerly known as SQS BFSI 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, 2020
Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures	January 1, 2020
Annual Improvements to IFRS Standards 2015-2017 Cycle	January 1, 2020
Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement	January 1, 2020
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
HAMRIYAH FREE ZONE AUTHORITY
SHARJAH, U.A.E.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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. 2 of 2015.

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.

**EXPLEO SOLUTIONS FZE
HAMRIYAH FREE ZONE AUTHORITY
SHARJAH, U.A.E.**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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.

	% age
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	Total
4 FIXED ASSETS			
Cost		AED	AED
As at 1 April 2020	3,635	23,959	27,594
As at 31 March 2021	3,635	23,959	27,594
Accumulated depreciation			
As at 1 April 2020	2,800	18,684	21,484
Charge for the period	835	4,034	4,869
As at 31 March 2021	3,635	22,718	26,353
Net Asset Value on 31 March 2021	-	1,241	1,241

**EXPLEO SOLUTIONS FZE
HAMRIYAH FREE ZONE AUTHORITY
SHARJAH, U.A.E.**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

	2021	2020
	AED	AED
5 OTHER CURRENT ASSETS		
Advances to suppliers	154,694	-
VAT on Purchase	74,626	25,174
Prepayments	31,308	15,018
Advances to staff / creditor	20,484	198,789
Deposits	377,740	300,642
	<u>658,851</u>	<u>539,623</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 2021, following are the details of related party transactions:		
DUE FROM RELATED PARTIES		
Expleo Solution Limited	4,162,145	4,716,281
	<u>4,162,145</u>	<u>4,716,281</u>
DUE TO RELATED PARTIES		
Expleo Solutions Limited India	332,561	328,850
	<u>332,561</u>	<u>328,850</u>
7 CASH AND CASH EQUIVALENTS		
Cash at bank	782,273	628,746
	<u>782,273</u>	<u>628,746</u>
8 PROVISIONS AND OTHER PAYABLES		
Provisions	1,119,082	1,947,324
Employees expenses payable	422,062	22,827
	<u>1,541,144</u>	<u>1,970,151</u>

**EXPLEO SOLUTIONS FZE
HAMRIYAH FREE ZONE AUTHORITY
SHARJAH, U.A.E.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

	2021	2020
	AED	AED
9 REVENUE	9,591,223	10,525,599
Revenue (Note 9.1)	<u>9,591,223</u>	<u>10,525,599</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) and Expleo Solutions Limited (Formerly known as SQS India BFSI Limited) MEPZ unit.		
10 COST OF SALES		
Direct expenses	<u>7,745,369</u>	8,204,885
	<u>7,745,369</u>	<u>8,204,885</u>
11 ADMINISTRATIVE EXPENSES		
Salaries and benefits	1,482,695	1,573,162
Professional fees	38,580	59,169
Communication and Utilities	450	8,515
Business promotion expenses	139,398	318,035
Travelling expenses	12,584	42,475
Rates and Taxes	25,250	25,000
Insurance	143,275	24,026
Exchange (gain) / loss	(4,114)	4,193
Other administrative expenses	4,656	10,897
	<u>1,842,774</u>	<u>2,065,472</u>
12 FINANCIAL CHARGES		
Bank charges	<u>5,220</u>	11,209
	<u>5,220</u>	<u>11,209</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.

EXPLEO SOLUTIONS FZE
HAMRIYAH FREE ZONE AUTHORITY
SHARJAH, U.A.E.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

Financial Instruments (Continued.)

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.

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 6 May 2021.

For EXPLEO SOLUTIONS FZE

Authorized Signatory