

Expleo Solutions FZE (formerly known as SQS BFSI FZE)
HAMRIYAH FREE ZONE AUTHORITY
SHARJAH, U.A.E.
FINANCIAL STATEMENTS
31 MARCH 2020

Expleo Solutions FZE (formerly known as SQS BFSI FZE)
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31 MARCH 2020

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Expleo Solutions FZE (formerly known as SQS BFSI FZE)
HAMRIYAH FREE ZONE AUTHORITY
SHARJAH, U.A.E.
DIRECTORS' REPORT
31 MARCH 2020

The director has pleasure in submitting his report and the audited financial statements for the year ended 31 March 2020.

Principal Activity

The principal activity of the EXPLEO SOLUTIONS FZE(formerly known as SQS BFSI FZE) is IT Consultancy.

Business Operations Review

The EXPLEO SOLUTIONS FZE(formerly known as SQS BFSI FZE) has made a total comprehensive income of AED 255,290/- for the period.

Events since the end of the period

There are no significant events since the end of the financial period 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 2020 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 (Formerly known as SQS India BFSI 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 period.

Authorized Signatory

22 May 2020

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 accompanying financial statements of **Expleo Solutions FZE (formerly known as SQS BFSI FZE)**, Hamriyah Free Zone Authority, Sharjah - United Arab Emirates, which comprise the statement of financial position as at **March 31, 2020**, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year ended , and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at **March 31, 2020**, and its financial performance and its cash flows for the period 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 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.

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.
- 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.

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 company.
- 3 Proper books of accounts have been maintained by the company.
- 4 The contents of the Managers' report which relates to the financial statements are in agreement with the company's books of account.
- 5 The company has not made any investments in shares and stocks during the year ended ended **March 31, 2020**.
- 6 Note 6 to the financial statements reflects the disclosures relating to material related party transactions and the terms under which they were conducted.
- 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 company 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 company, which would materially affect its activities or its financial position as of **March 31, 2020**.

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

May 22, 2020

Expleo Solutions FZE (formerly known as SQS BFSI FZE)
HAMRIYAH FREE ZONE AUTHORITY
SHARJAH, U.A.E.
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	March 2020 AED	March 2019 AED
NON-CURRENT ASSETS			
Fixed assets	4	<u>6,110</u>	<u>11,561</u>
		<u>6,110</u>	<u>11,561</u>
CURRENT ASSETS			
Other current assets	5	539,623	462,345
Due from related parties	6	4,716,281	4,373,927
Cash and cash equivalents	7	<u>628,746</u>	<u>89,242</u>
		<u>5,884,650</u>	<u>4,925,514</u>
TOTAL ASSETS		<u><u>5,890,760</u></u>	<u><u>4,937,075</u></u>
CURRENT LIABILITIES			
Due to related parties	6	328,850	314,057
Other payables and provisions	8	<u>1,970,151</u>	<u>1,286,549</u>
		<u>2,299,001</u>	<u>1,600,606</u>
EQUITY FUNDS			
Share capital		600,000	600,000
Retained earnings		<u>2,991,759</u>	<u>2,736,469</u>
		<u>3,591,759</u>	<u>3,336,469</u>
CURRENT LIABILITIES AND EQUITY FUNDS		<u><u>5,890,760</u></u>	<u><u>4,937,075</u></u>

The accounting policies and notes on pages 7 to 10 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 22 May 2020.

For EXPLEO SOLUTIONS FZE (formerly known as SQS BFSI FZE)

Authorized Signatory

Expleo Solutions FZE (formerly known as SQS BFSI FZE)
HAMRIYAH FREE ZONE AUTHORITY
SHARJAH, U.A.E.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 AED	2019 AED
REVENUE	9	10,525,599	7,356,115
Cost of sales	10	<u>(8,204,885)</u>	<u>(5,084,837)</u>
GROSS PROFIT		2,320,714	2,271,278
Administrative expenses	11	(2,065,472)	(1,861,595)
Depreciation	4	(5,451)	(4,951)
OPERATING PROFIT		249,791	404,732
Financial charges	12	(11,209)	(6,082)
NET PROFIT FOR THE YEAR		<u>238,582</u>	<u>398,650</u>
Other comprehensive income		16,708	(165,328)
TOTAL COMPREHENSIVE INCOME		<u>255,290</u>	<u>233,322</u>

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Expleo Solutions FZE (formerly known as SQS BFSI FZE)
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SHARJAH, U.A.E.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Share capital AED	Retained earnings AED	Total AED
As at 1 April 2018	600,000	2,503,147	3,103,147
Profit for the year	-	233,322	233,322
As at 31 March 2019	600,000	2,736,469	3,336,469
Profit for the year	-	255,290	255,290
As at 31 March 2020	600,000	2,991,759	3,591,759

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Expleo Solutions FZE (formerly known as SQS BFSI FZE)
HAMRIYAH FREE ZONE AUTHORITY
SHARJAH, U.A.E.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 AED	2019 AED
Cash flows from operating activities			
Profit for the year		255,290	233,322
Adjustment:			
Add: Depreciation		5,451	4,951
Operating profit before changes in operating assets and liabilities		260,741	238,273
(Increase) / Decrease in other current assets		(77,278)	(131,008)
(Increase) in due from related parties		(342,354)	(871,795)
Increase in due to related parties		14,793	14,428
Increase in accrued and other payables		683,602	539,632
		278,763	(448,743)
Net cash from / (used in) operating activities (A)		539,504	(210,470)
Cash flows from investing activities			
Purchase of fixed assets		-	(10,647)
Net cash from / (used in) investing activities (B)		-	(10,647)
Net increase / (decrease) in cash and cash equivalents (A+B)		539,504	(221,117)
Cash and cash equivalents at beginning of the year		89,242	310,359
Cash and cash equivalents at end of the period	8	628,746	89,242

The accounting policies and notes on pages 7 to 10 form an integral part of these financial statements.

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These financial statements have been approved and signed by the undersigned on 22 May 2020.

For EXPLEO SOLUTIONS FZE(formerly known as SQS BFSI FZE)

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**Expleo Solutions FZE (formerly known as SQS BFSI FZE)
HAMRIYAH FREE ZONE AUTHORITY
SHARJAH, U.A.E.**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

1 LEGAL STATUS AND BUSINESS ACTIVITY

- a) **EXPLEO SOLUTIONS FZE(Formerly knows as SQS BFSI 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 EXPLEO SOLUTIONS FZE(formerly known as SQS BFSI FZE) is IT Consultancy.

2 SHAREHOLDING

The shareholding of the EXPLEO SOLUTIONS FZE(formerly known as SQS BFSI FZE) is as follows

Name	Number of share	AED
M/s Expleo Solutions Limited (Formerly known as SQS India BFSI 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

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 EXPLEO SOLUTIONS FZE(formerly known as SQS BFSI 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

The company generates revenue from professional services rendered. Revenue is recognized for the services performed while the corresponding cost of providing those services are reflected as cost of sales. Revenue represents services billed to parent company based on transfer pricing study.

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.

Expleo Solutions FZE (formerly known as SQS BFSI FZE)
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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

iii) Provisions

Provisions are recognized when the EXPLEO SOLUTIONS FZE(formerly known as SQS BFSI FZE) 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.

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
Furniture and equipments	33.33
Motor vehicles	33.33

v) Cash and cash equivalents

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

	Office Equipments	Computer Equipment AED	Total AED
4 FIXED ASSETS			
Cost			
As at 1 April 2019	3,635	23,959	27,594
Addition during the year		-	-
As at 31 March 2020	3,635	23,959	27,594
Accumulated depreciation			
As at 1 April 2019	1,671	14,362	16,033
Charge for the period	1,129	4,322	5,451
As at 31 March 2020	2,800	18,684	21,484
Net Asset Value on 31 March 2020	835	5,275	6,110

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

	March 2020 AED	March 2019 AED
5 OTHER CURRENT ASSETS		
Vat on Purchase	25,174	9,009
Prepayments	15,018	9,054
Advances to staff / creditor	198,789	143,640
Deposits	300,642	300,642
	539,623	462,345
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 2020, following are the details of related party transactions:		
DUE FROM RELATED PARTIES		
Expleo Solutions Limited (Formerly known as SQS India BFSI Limited)	4,716,281	4,373,927
	4,716,281	4,373,927
DUE TO RELATED PARTIES		
Expleo Solutions Limited MEPZ unit(Formerly known as SQS India BFSI Limited)	328,850	314,057
	328,850	314,057
7 CASH AND CASH EQUIVALENTS		
Cash at bank	628,746	89,242
	628,746	89,242
8 PROVISIONS AND OTHER PAYABLES		
Provisions	1,947,324	1,277,421
Employees expenses payable	22,827	8,206
Staff advances	-	922
	1,970,151	1,286,549
9 REVENUE		
Revenue	10,525,599	7,356,115
	10,525,599	7,356,115
9.1 Revenue represents invoices raised for services rendered on behalf of Parent Company Expleo Solutions Limited (Formerly known as SQS BFSI India Limited) and Expleo Solutions Limited MEPZ unit(Formerly known as SQS India BFSI Limited MEPZ Unit).	(Note 10.1)	

Expleo Solutions FZE (formerly known as SQS BFSI FZE)
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SHARJAH, U.A.E.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	AED	AED
10 COST OF SALES		
Direct expenses	<u>8,204,885</u>	<u>5,084,837</u>
	<u>8,204,885</u>	<u>5,084,837</u>
11 ADMINISTRATIVE EXPENSES		
Salaries and benefits	1,573,162	1,412,957
Professional fees	59,169	58,956
Communication and Utilities	8,515	541
Business promotion expenses	318,035	233,855
Travelling expenses	42,475	84,514
Rates and Taxes	25,000	25,250
Insurance	24,026	17,439
Exchange(Loss)	4,193	20,769
Other administrative expenses	10,897	7,314
	<u>2,065,472</u>	<u>1,861,595</u>
12 FINANCIAL CHARGES		
Bank charges	<u>11,209</u>	<u>6,082</u>
	<u>11,209</u>	<u>6,082</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 EXPLEO SOLUTIONS FZE(formerly known as SQS BFSI 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 EXPLEO SOLUTIONS FZE(formerly known as SQS BFSI FZE) bank accounts are placed with high credit quality financial institutions.

Expleo Solutions FZE (formerly known as SQS BFSI FZE)
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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 10 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 22 May 2020.

For EXPLEO SOLUTIONS FZE(formerly known as SQS BFSI FZE)

Authorized Signatory