HCL Muscat Technologies LLC

FINANCIAL STATEMENTS

31 MARCH 2018

Building a better working world

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PR No. HMH/15/2015; HMA/9/2015

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HCL MUSCAT TECHNOLOGIES LLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of HCL Muscat Technologies LLC ("the Company"), which comprise the statement of financial position as at 31 March 2018, and 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 2018 and its financial performance and cash flows for the period then 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 Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Sultanate of Oman, 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 for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and the relevant requirements of the Commercial Companies Law of 1974 of the Sultanate of Oman, as amended, 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.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
HCL MUSCAT TECHNOLOGIES LLC (CONTINUED)

Auditor's responsibilities for the audit of the financial statements (continued)
As part of an audit in accordance with ISAs, we exercise professional judgement 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.

We communicate with management 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
In our opinion, the financial statements comply, in all material respects, with the relevant requirements of the Commercial Companies Law of 1974 of the Sultanate of Oman, as amended.

Ernst & Young LLC

21 June 2018
Muscat

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س.ت: ١٢٢٤٠١٣
ص.ب: ١٧٥٠ روي - ١١٢، سلطنة عمان
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HCL Muscat Technologies LLC

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2018

	Notes	***1-Apr-17 to 31-Mar-18 RO***	*13-Dec-15 to 31-Mar-17 RO*
Sales		**439,442**	220,618
TOTAL REVENUE		**439,442**	220,618
General and administration expenses	3	**(391,761)**	(200,737)
PROFIT BEFORE TAX		**47,681**	19,881
Income tax	4	**(7,983)**	-
TOTAL PROFIT AND COMPREHENSIVE INCOME FOR THE YEAR / PERIOD		**39,698**	19,881

The attached notes 1 to 13 form part of these financial statements.

HCL Muscat Technologies LLC

STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	Notes	2018 RO	2017 RO
ASSETS			
Non-current asset			
Furniture and equipment		600	711
Current assets			
Due from related parties	10	68,304	167,209
Prepayments and other receivables	5	13,710	24,432
Bank balances and cash		266,983	82,869
		348,997	274,510
TOTAL ASSETS		349,597	275,221
EQUITY AND LIABILITIES			
Equity			
Share capital	6	173,700	173,700
Statutory reserve		5,958	1,988
Retained earnings		53,621	17,893
Total equity		233,279	193,581
Non-current liability			
Employees' end of service benefits	8	9,169	2,482
		9,169	2,482
Current liabilities			
Due to related parties	10	70,331	66,304
Accruals and other payables	9	28,835	12,854
Income tax payable	4	7,983	-
		107,149	79,158
Total liabilities		116,318	81,640
TOTAL EQUITY AND LIABILITIES		349,597	275,221

These financial statements were approved and signed on behalf of the shareholders on 21 June 2018 by :

Manish Anand
Manager

The attached notes 1 to 13 form part of these financial statements.

HCL Muscat Technologies LLC

STATEMENT OF CASH FLOWS

Year ended 31 March 2018

	1-Apr-17 to 31-Mar-18 RO	*13-Dec-15 to 31-Mar-17 RO*
OPERATING ACTIVITIES		
Profit for the year / period	**47,681**	19,881
Adjustments for:		
Depreciation	**111**	69
Accrual for employees' end of service benefits	**6,687**	2,482
Cash from operations before working capital changes:	**54,479**	22,432
Prepayments and other receivables	**10,722**	(24,432)
Due from related parties	**98,905**	(167,209)
Other payable and accruals	**15,981**	12,854
Due to related parties	**4,027**	66,304
Net cash flows (used in) operating activities	**184,114**	(90,051)
INVESTING ACTIVITY		
Purchase of furniture and equipment	**-**	(780)
Net cash flows used in investing activity	**-**	(780)
FINANCING ACTIVITY		
Share capital introduced	**-**	173,700
Net cash flows from financing activity	**-**	173,700
INCREASE IN CASH AND CASH EQUIVALENTS	**184,114**	82,869
Bank balances and cash at 1 January	**82,869**	-
CASH AND CASH EQUIVALENTS AT 31 MARCH	**266,983**	82,869

The attached notes 1 to 13 form part of these financial statements.

HCL Muscat Technologies LLC

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2018

	Share capital RO	*Statutory reserve RO*	*Retained Earnings RO*	*Total equity RO*
Share capital introduced during the period	173,700	-	-	173,700
Profit and total comprehensive income for the period	-	-	19,881	19,881
Transfer to statutory reserve	-	1,988	(1,988)	-
Balance at 31 March 2017	173,700	1,988	17,893	193,581
Profit and total comprehensive income for the year	-	-	39,698	39,698
Transfer to statutory reserve	-	3,970	(3,970)	-
Balance at 31 March 2018	**173,700**	**5,958**	**53,621**	**233,279**

The attached notes 1 to 13 form part of these financial statements.

1 ACTIVITIES

HCL Muscat Technologies LLC ('the Company') is a limited liability Company registered and incorporated in the Sultanate of Oman. The Company is engaged in system analysis, retail, data preparation and is also engaged in sale of software.

The registered address of the Company is at P O Box 29, Postal Code 135, Sultanate of Oman. The Company was established on 13 December 2015 and commenced operations from 17 December 2015.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation:
The financial statements have been prepared in accordance with International Financial Reporting Standards and applicable requirements of the Commercial Companies Law of the Sultanate of Oman.

The financial statements are prepared under the historical cost convention and have been presented in Rial Omani.

Accounting policies
The accounting policies are consistent with those used in the previous year,except as follows:

New and amended standards and interpretations to IFRS
The Company applied for the first time certain amendments to the standards, which are effective for annual periods beginning on or after 1 April 2017.

- Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative
- Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses
- Annual Improvements Cycle - 2014-2016
- Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The adoption of those standards and interpretations has not resulted in changes to the Company's accounting policies and has not affected the amounts reported for the current and prior periods.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

The following new standards and amendments have been issued by the International Accounting Standards Board (IASB) which may impact the financial statements of the Company but are not yet mandatory for the year ended 31 March 2018:

- IFRS 17 Insurance Contracts
- Transfers of Investment Property — Amendments to IAS 40
- Annual Improvements 2014-2016 Cycle (issued in December 2016)
    - IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first time adopters.
    - IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice
    - IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration
    - IFRIC Interpretation 23 Uncertainty over Income Tax Treatment exemptions for first-time adopters

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company (continued):

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Company plans to adopt the new standard on the required effective date and will not restate comparative information. During 2017, the Company has performed a detailed impact assessment of all three aspects of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the ompany in 2018 when the Company will adopt IFRS 9. Overall, the Company expects no significant impact on its statement of financial position and equity.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014, and amended in April 2016, and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Company plans to adopt the new standard on the required effective date using the modified retrospective approach.

The Company has performed an assessment and concluded that the impact might not be material.

IFRS 16 Leases

The IASB issued IFRS 16 Leases (IFRS 16), which requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

For lessors, there is little change to the existing accounting in IAS 17 Leases. Company will perform a detailed assessment in the future to determine the extent. The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, IFRS 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as IFRS 16. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

In 2018, the Company will continue to assess the potential effect of IFRS 16 on its financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

The significant accounting policies adopted by the Company are as follows:

Revenue recognition

Revenue from sales of software is recognised when the significant risks and rewards of ownership of the software have passed to the buyer and the amount of revenue can be measured reliably.

Revenue from rendering of services is recognised when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the transaction at the reporting date.

Income tax

Taxation is provided for in accordance with Omani fiscal regulations.

Deferred income tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted at the reporting date.

Furniture and equipment

Furniture and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

Furniture and equipment	7 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of equipment. All other expenditure is recognised in the statement of comprehensive income as the expense is incurred.

Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months or less net of bank overdrafts.

Accounts receivable

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Employees' end of service benefits

The Company provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to its national employees, the Company makes contributions to the Public Authority for Social Insurance Scheme under Royal Decree No. 72/91 calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the profit or loss statement.

Fair values

The fair value of interest bearing items is estimated based on discounted cash flows using interest rates for similar terms and risk characteristics.

3 GENERAL AND ADMINISTRATION EXPENSES

	2018	*2017*
	RO	*RO*
Staff cost	**340,404**	131,031
Other administrative expenses	**29,342**	32,471
Rent	**11,953**	17,932
Professional expenses	**10,062**	19,303
	391,761	200,737

4 TAXATION

	2018	2017
	RO	*RO*
Current liability:		
Current year	**7,983**	-
	7,983	-
Income statement:		
Current year	**7,983**	-
	7,983	-

The tax rate applicable to the company is 15% (2017 – 12%). For the purpose of determining the tax expense for the period, the accounting profit has been adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense. After giving effect to these adjustments, the average effective tax rate is estimated to be 16.74 % (2017 – 15%).

The difference between the applicable tax rates of 15% (2017 - 12%) and the effective tax rate of 16.74% (2017 - nil) arises due to the tax effect of income not considered to be taxable and expenses that are not considered to be deductible. The adjustments are based on the current understanding of the existing tax laws, regulations and practices.

Deferred tax asset is provided at the rate of 15%.

The Company's tax assessments are yet to be agreed with the taxation authorities.

5 PREPAYMENTS AND OTHER RECEIVABLES

	2018	*2017*
	RO	*RO*
Prepayments	**10,403**	19,581
Deposits	**3,078**	3,078
Other receivables	**229**	1,773
	13,710	24,432

6 SHARE CAPITAL

	Share	*2018*	*2017*
	%	*RO*	*RO*
HCL Bermuda LTD	**99.94%**	**173,596**	173,596
HCL EAS LTD	**0.06%**	**104**	104
Authorised, issued and fully paid	**100.00%**	**173,700**	173,700

The Company was established on 13 December 2015 as a Limited Liability Company with an authorized capital of RO 173,700. The Company's paid in capital consisted of 1,737 shares, each having a par value of RO 100.

7 STATUTORY RESERVE

As required by the Commercial Companies Law of the Sultanate of Oman, 10% of the net profit for the year has to be transferred to statutory reserve. The company may resolve to discontinue such annual transfers when the reserve totals one third of issued share capital. Accordingly the company has transferred to statutory reserve.

8 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the liability recognised in the statement of financial position are as follows:

	2018	*2017*
	RO	*RO*
Liability as at 1st April	**2,482**	-
Provided during the year	**6,687**	2,482
Liability as at 31 March	**9,169**	2,482

9 ACCRUALS AND OTHER PAYABLES

	2018	*2017*
	RO	*RO*
Other payables	**23,125**	4,528
Accrued expenses	**5,710**	8,326
	28,835	12,854

10 RELATED PARTY TRANSACTIONS

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Transactions with the related parties included in the statement of comprehensive income are as follows:

Sales	**439,442**	220,618

Balances with related parties included in the statement of financial position are as follows:

	2018	2017
	RO	*RO*
Receivables from related parties	**68,304**	167,209
Payables to other related parties	**70,331**	66,304

There is no key managerial compensation paid in the Company itself.

11 RISK MANAGEMENT

Interest rate risk

The Company manages its interest rate risk through using fixed rate debts and deposits. The Company does not have any interest bearing assets and liabilities with floating interest rates. The Management has estimated the effect on profit for the period due to increases or decreases in interest rates to be insignificant.

Credit risk

The Company has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are generally performed on all customers requiring credit over a certain amount. The Company does not require collateral in respect of financial assets.

The Company limits its credit risk with regard to bank balances and deposits by only dealing with reputable banks and customers.

Currency risk

All balances of the Company are denominated in Omani Riyal and UAE Dirhams, balances in UAE Dirhams are not considered to represent significant currency risk.

Liquidity risk

The Company limits its liquidity risk by ensuring bank facilities are available. The Company's terms of sales require amounts to be paid within 30 days to 120 days from the date of sale. Trade payables are normally settled within 90 days from the date of purchase.

The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 March 2018, based on contractual payment dates and current market interest rates.

Year ended 31 March 2018	***3 to 12 Months RO***	***> 12 months RO***	***Total RO***
Due to related parties	**70,331**	**-**	**70,331**
Accruals and other payables	**28,835**	**-**	**28,835**
	99,166	**-**	**99,166**

Period ended 31 March 2017	*3 to 12 Months RO*	*> 12 months RO*	*Total RO*
Due to related parties	66,304	-	66,304
Accruals and other payables	12,854	-	12,854
	79,158	-	79,158

Capital management

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

12 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and liabilities.

Financial assets consist of cash and bank balances and receivables. Financial liabilities consist of payables.

The fair values of the financial assets and liabilities , are not materially different from their carrying values at the reporting date.

13 KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, 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 :

Useful lives of property, plant and equipment
The Company's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Taxes
Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and nature of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of finalisation of tax assessments. The amount of such provisions is based on various factors, such as experience of previous tax assessments and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.