HCL Muscat Technologies LLC

FINANCIAL STATEMENTS

31 MARCH 2019

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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 2019, 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 2019 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)

Report on the audit of the financial statements (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

27 June 2019
Muscat

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HCL Muscat Technologies LLC

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2019

	Notes	***2019*** ***RO***	*2018* *RO*
Sales		**608,425**	439,442
Cost of sales	4	**(459,695)**	(329,509)
GROSS PROFIT		**148,730**	109,933
General and administration expenses	5	**(56,465)**	(62,252)
PROFIT BEFORE TAX		**92,265**	47,681
Income tax	6	**(13,142)**	(7,983)
TOTAL PROFIT AND COMPREHENSIVE INCOME FOR THE YEAR / PERIOD		**79,123**	39,698

The attached notes 1 to 14 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	Notes	2019 RO	2018 RO
ASSETS			
Non-current asset			
Furniture and equipment	10	**488**	600
Current assets			
Due from related parties	13	**127,868**	68,304
Prepayments and other receivables	7	**5,121**	13,710
Contract Assets		**185,027**	-
Bank balances and cash		**204,730**	266,983
		522,746	348,997
TOTAL ASSETS		**523,234**	349,597
EQUITY AND LIABILITIES			
Equity			
Share capital	8	**173,700**	173,700
Statutory reserve		**13,870**	5,958
Retained earnings		**124,832**	53,621
Total equity		**312,402**	233,279
Non-current liability			
Employees' end of service benefits	11	**13,361**	9,169
		13,361	9,169
Current liabilities			
Due to related parties	13	**12,193**	70,331
Accruals and other payables	12	**171,348**	28,835
Income tax payable	6	**13,930**	7,983
		197,471	107,149
Total liabilities		**210,832**	116,318
TOTAL EQUITY AND LIABILITIES		**523,234**	349,597

These financial statements were approved and signed on behalf of the shareholders on 26th June 2019 by :

Manish Anand
(Manager)

The attached notes 1 to 14 form part of these financial statements.

HCL Muscat Technologies LLC

STATEMENT OF CASH FLOWS

Year ended 31 March 2019

	Notes	**2019** **RO**	2018 RO
OPERATING ACTIVITIES			
Profit for the year / period		**92,265**	47,681
Adjustments for:			
Depreciation	10	**112**	111
Accrual for employees' end of service benefits	11	**6,662**	6,687
Cash from operations before working capital changes:		**99,039**	54,479
Prepayments and other receivables	7	**8,589**	10,722
Due from related parties	13	**(59,564)**	98,905
Contract assets		**(185,027)**	-
Accruals and other payables	12	**142,513**	15,981
Due to related parties	13	**(58,138)**	4,027
Cash flows (used in) from operating activities		**(52,588)**	184,114
Employees' end of service benefits paid	11	**(2,470)**	-
Income tax paid	6	**(7,195)**	-
Net cash flows from operating activities		**(62,253)**	**184,114**
INCREASE IN CASH AND CASH EQUIVALENTS		**(62,253)**	184,114
Bank balances and cash at 1 April		**266,983**	82,869
CASH AND CASH EQUIVALENTS AT 31 MARCH		**204,730**	266,983

The attached notes 1 to 14 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2019

	Share capital RO	*Statutory reserve RO*	*Retained Earnings RO*	*Total equity RO*
Balance at 1 April 2017	173,700	1,988	17,893	193,581
Profit and total comprehensive income for the period	-	-	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
Profit and total comprehensive income for the year	-	-	79,123	79,123
Transfer to statutory reserve	-	7,912	(7,912)	-
Balance at 31 March 2019	**173,700**	**13,870**	**124,832**	**312,402**

The attached notes 1 to 14 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:

Standards, amendments and interpretation effective in 2018

The following standards, amendments and interpretations became effective from 1 January 2018:

- IFRS 9 Financial Instruments: Classification and Measurement, impairment and hedge accounting.
- IFRS 15 Revenue from Contracts with Customers.
- Amendments to IFRS 2 Classification and measurement of Share-based Payment Transactions;
- Amendments to IAS 40 Transfers of Investment Property;
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations;
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations;
- Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts;
- Amendments to 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;
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters

The nature and effect of the changes as a result of adoption of IFRS 9 and IFRS 15 are described below. The other amendments and interpretations apply for the first time in 2018, but do not have an impact on the financial statements of the Company.

IFRS 9 — Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company applied IFRS 9 prospectively, with an initial application date of 1 April 2018. The Company has not restated the comparative information, which continues to be reported under IAS 39. There were no material differences arising from the adoption of IFRS 9 which would have been recognised directly in retained earnings and other components of equity.

Classification and measurement

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards, amendments and interpretation effective in 2018 (continued)

Impairment

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS 9 requires the Company to measure and recognise expected credit losses on all applicable financial assets and contract assets arising from IFRS 15 'Revenue from Contracts with Customers' e.g. trade receivables, contract assets, and bank balances, either on a 12-month or lifetime expected loss basis. The Company will apply the simplified approach and record lifetime expected losses on all trade receivables, contract assets, and bank balances.

IFRS 15 Revenue from Contracts with Customers (Applicable 1 April 2018)

The Company adopted IFRS 15 using the modified retrospective method and under this method, the comparative information was not restated, instead the net cumulative catch-up adjustment was recognised (if any) as a reduction to the opening balance of retained earnings, in the statements of changes in equity for the year ended 31 March 2019. There was no catch-up adjustment for the Company.

The adoption of IFRS 15 did not have material impact on statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity as at 1 April 2018. Major component of Company's revenue is within the scope and satisfying the revenue recognition crtieria under IFRS 15.

Sales of goods

The Company's contracts with customers for the sale of goods generally includes one performance obligation. The Company has concluded that revenue from the sale of goods should be recognised at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Therefore, the adoption of IFRS 15 did not have any impact on revenue recognition.

Rendering of services

The Company's contract revenues include a single performance obligation. The revenue from such contract should be recognized over time given that the customer simultaneously receives and consumes the benefits provided by the Company. IFRS 15 provides two alternative methods for recognizing revenue i.e. the output method or the input method. The Company has decided to adopt the input method for revenue recognition.

Principal versus agent considerations

The Company has concluded that it operates as principal in all its contracts with customers. There is no transition impact at 1 April 2018.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective
The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards, if applicable, when they become effective.

• IFRS 16 Leases
• IFRS 17 Insurance Contracts
• Amendments to IFRS 9: Prepayments features with negative compensation
• Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
• Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
• Amendments to IAS 28: Long-term interests in associates and joint ventures
• Annual Improvements 2015-2017 Cycle (issued in December 2017)
o IFRS 3 Business Combinations
o IFRS 11 Joint Arrangements
o IAS 23 Borrowing Costs
o IAS 12 Income Taxes

Management does not expect that the adoption of the above new and amended standards and the interpretation to a standard will have a significant impact on the Company's financial statements.

IFRS 16 Leases
IFRS 16 was issued in January 2016 and it replaces 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 a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. 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). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.

Management is in the process of assessing the impact of IFRS 16 to the Company's financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies

Revenue recognition – Policy After 1 January 2018
The principal activities of the Company are system analysis, retail, data preparation and is also engaged in sale of software.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue recognition - Policy before 1 January 2018
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.

Fair value
A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on a number of accounting policies and methods. Where applicable, information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair value 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 value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value (continued)
Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable quotations.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial assets-Policy after 1 January 2018

Initial recognition and measurement
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss (FVTPL)

Financial assets at amortised cost (debt instruments)
This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets at amortised cost (debt instruments) (continued)
Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost includes trade and other receivables, contract assets, cash and cash equivalents and due from related parties.

Financial liabilities (Applicable from 2018)

Initial recognition and measurement (Applicable from 2018)
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Companys financial liabilities include due to related parties and trade and other payables.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

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

Financial assets (Applicable to 2017 only)
The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables', 'cash and cash equivalents' and 'due from related parties' in the statement of financial position.

Impairment
At each reporting date, the Company reviews the carrying amounts of its assets (or cash-generating units) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The loss arising on an impairment of an asset is determined as the difference between the recoverable amount and carrying amount of the asset and is recognised immediately in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount and the increase is recognised as income immediately, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised earlier.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Impairment and uncollectibility of financial assets

The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure.

For trade receivables, the company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Impairment of non financial assets

The Company assesses whether there are indicators of impairment for all non financial assets at each reporting date.

Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3 KEY SOURCES OF ESTIMATION UNCERTAINTIES

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 :

Impairment of accounts receivable

On 1 January 2018 IFRS 9 “Financial Instruments” replaced the ‘incurred loss’ impairment model in IAS 39 “Financial Instruments: Recognition and Measurement” with an ‘expected credit loss’ (ECL) impairment model. The new impairment model requires forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. It also requires management to assign probability of default to various categories of receivables. Probability of default constitutes a key input in measuring an ECL and entails considerable judgement; it is an estimate of the likelihood of default over a given time horizon, the calculation of which involves historical data, assumptions and expectation of future conditions. In the previous year, the impairment review of trade receivables was performed only for receivables for which management had an indication for impairment. That also entailed significant judgement. It was determined by reference to past default experience of a counterparty and an analysis of the counterparty's financial situation, but the “incurred loss” model disregarded entirely the current and expected future conditions. As a result , it is expected that under the new impairment model credit losses will be recognised earlier.

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.

4 COST OF SALES

	2019	*2018*
	RO	*RO*
Staff costs	**313,599**	322,508
Project costs	**125,659**	-
Consulting charges	**6,969**	-
Travel costs	**6,864**	3,580
Other direct costs	**6,604**	3,421
	459,695	329,509

5 GENERAL AND ADMINISTRATION EXPENSES

	2019	*2018*
	RO	*RO*
Staff costs	**24,397**	22,797
Rent	**12,149**	11,953
Other administrative expenses	**13,432**	17,440
Professional expenses	**6,487**	10,062
	56,465	62,252

6 TAXATION

	2019	2018
	RO	*RO*
Current liability:		
Current year	**13,930**	7,983
	13,930	7,983
Income statement:		
Current year	**13,892**	7,983
Prior year	**(750)**	-
	13,142	7,983

The tax rate applicable to the company is 15% (2018 - 15%). For the purpose of determining the tax expense for the year, 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 15.04% (2018 – 15.01%).

The difference between the applicable tax rates of 15% (2018 - 15%) and the effective tax rate of 15.04% (2018 – 15.01%) 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% (2018 - 15%).

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

7 PREPAYMENTS AND OTHER RECEIVABLES

	2019	*2018*
	RO	*RO*
Prepayments	**-**	10,403
Deposits	**3,078**	3,078
Other receivables	**2,043**	229
	5,121	13,710

8 SHARE CAPITAL

	Share	***2019***	*2018*
	%	***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.

9 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.

10 FURNITURE AND EQUIPMENT

	Furniture and equipment RO	***Total RO***
Cost:		
At 1 April 2018	780	780
At 31 March 2019	780	780
Depreciation:		
At 1 April 2018	180	180
Charge for the year	112	112
At 31 March 2019	292	292
Net carrying amount:		
At 31 March 2019	**488**	**488**

	Furniture and equipment RO	*Total RO*
Cost:		
At 1 April 2017	780	780
At 31 March 2018	780	780
Depreciation:		
At 1 April 2017	69	69
Charge for the year	111	111
At 31 March 2018	180	180
Net carrying amount:		
At 31 March 2018	**600**	**600**

11 EMPLOYEES' END OF SERVICE BENEFITS

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

	2019	*2018*
	RO	*RO*
Liability as at 1st April	**9,169**	2,482
Provided during the year	**6,662**	6,687
Payments made during the year	**(2,470)**	-
Liability as at 31 March	**13,361**	9,169

12 ACCRUALS AND OTHER PAYABLES

	2019	*2018*
	RO	*RO*
Other payables	**20,290**	23,125
Accrued expenses	**151,058**	5,710
	171,348	28,835

13 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	**423,398**	439,442

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

	2019	*2018*
	RO	*RO*
Receivables from related parties	**127,868**	68,304
Payables to related parties	**12,193**	70,331

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

14 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.

14 RISK MANAGEMENT (continued)

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 2019, based on contractual payment dates and current market interest rates.

Year ended 31 March 2019	***3 to 12 Months***	***> 12 months***	***Total***
	RO	***RO***	***RO***
Due to related parties	**12,193**	**-**	**12,193**
Accruals and other payables	**171,348**	**-**	**171,348**
	183,541	**-**	**183,541**

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

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.