8K MILES SOFTWARE SERVICES (FZE)
SAIF ZONE
SHARJAH - UNITED ARAB EMIRATES

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

عبد الله القايدي
اس. بي. ايه لتدقيق الحسابات
Abdallah Al Qaydi
SPA Auditing
The Professional People
Chartered Accountants

Ref: SPA/19-20/0136 Date: 17 June 2019

Independent Auditors' Report

To

The Manager,
8K Miles Software Services (FZE)
Sharjah International Airport Free Zone,
Executive Desk,Q1-05-109/C,
P.O. Box: 513211,
Sharjah - United Arab Emirates

We have audited the accompanying financial statements of **8K Miles Software Services (FZE),** which comprise the balance sheet as at **31 March 2019** and the statement of income, statement of changes in shareholders' equity, statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance, whether the financial statements are free from material misstatement.

تليفون: ٦١٧ ٢٣٤٩ ٩٧١+ فاكس: ٦١٨ ٢٣٤٩ ٤ ٩٧١+، ص.ب: ١٨٥٨٧٩، دبي - ا.ع.م
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Independent Auditors' Report (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting principles used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above, in our opinion, the financial statements present fairly, in all material respects, the financial position of **8K Miles Software Services (FZE), SAIF Zone, Sharjah – United Arab Emirates** as of **31 March 2019**, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Also, in our opinion, there were no contraventions during the year of the pursuant to Emiri Decree No. 2 of 1995 as applicable for business entities in SAIF Zone, Sharjah, which might have materially affected the financial position of the Establishment or the result of its operations for the year.

P.O. Box: 185879
Dubai - U. A. E
Abdallah Al Qaydi S P A Auditing

CA P Sriganesh
(Reg No.601)
Managing Partner

ABDALLAH AL QAYDI SPA AUDITING
CHARTERED ACCOUNTANTS
DUBAI – UNITED ARAB EMIRATES

Statement of Comprehensive Income
For the year ended 31st March 2019

	Notes	31-Mar-19	31-Mar-18
		AED	AED
Revenue	12	39,811,613	76,600,058
Direct Expenses	13	(17,837,879)	(32,067,659)
Gross Profit		21,973,734	44,532,399
Administrative expenses	14	(12,081,298)	(12,671,429)
Amortization expenses	15	(5,857,176)	(1,869,188)
Net Profit for the year		4,035,259	29,991,782
Other Income		123,000	-
Net Income		4,158,259	29,991,782

The accompanying notes form an integral part of these Financial statements.
The Report of the Auditors is set out on pages 1 and 2.

The financial statements on pages 3 to 15 were approved and signed on 17June 2019.

Manager
8K Miles Software Services (FZE)

Statement of Financial Position
As on 31st March 2019

	Note	31-Mar-19	31-Mar-18
Assets		**AED**	**AED**
Current assets			
Cash on hand and at bank	6	11,736	520,484
Trade receivables	7	24,618,383	26,710,992
Other receivables and prepayments	8	6,628,012	18,292,913
Total Current assets		31,258,131	45,524,389
Non-Current Assets			
Capital Work – in - Progress			3,998,718
Intangible Assets	15	30,404,165	8,359,501
Total Non-Current Assets		30,404,165	12,358,219
Total Assets		61,662,295	57,882,608
Liabilities and Proprietor's Equity			
Trade Payables	9	86,128	172,189
Accrued expenses & Other payables	10	223,379	515,890
Total Liabilities		309,507	688,079
Equity			
Capital		150,000	150,000
Retained Earnings	11	61,202,788	57,044,529
Total Equity		61,352,788	57,194,529
Total Liabilities and Proprietor's Equity		61,662,295	57,882,608

The accompanying notes form an integral part of these Financial statements
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Manager
8K Miles Software Services (FZE)

Statement of Changes in Shareholder's Equity
For the year ended 31st March 2019

	Share Capital	Retained Earnings	Total
	AED	AED	*AED*
As at 1 April 2017	150,000	**27,052,747**	**27,202,747**
Changes in Shareholders' Equity:			
Net Profit for the year	-	29,991,782	29,991,782
As at 31 March 2018	**150,000**	**57,044,529**	**57,194,529**
Changes in Shareholders' Equity:			
Net Profit for the year	-	**4,158,259**	**4,158,259**
As at 31 March 2019	**150,000**	**61,202,788**	**61,352,788**

The accompanying notes form an integral part of these Financial statements
The Report of the Auditors is set out on pages 1 and 2.

Statement of Cash flows
For the year ended 31st March 2019

		31-Mar-19	31-Mar-18
		AED	AED
Cash flows from operating activities:			
Net Profit for the year		**4,158,259**	**29,991,782**
Amortization		**5,857,176**	1,869,188
Operating profit before changes in Operating assets and liabilities		**10,015,435**	**31,860,970**
Increase/(Decrease) in trade payables		**(86,061)**	(77,931)
Increase/(Decrease) in Other payables & Accrued expenses		**(292,511)**	(209,560)
(Increase)/decrease in Trade Receivables		**2,092,609**	(16,835,366)
(Increase)/decrease in Other Receivables & Prepayments		**11,664,901**	(12,617,478)
Cash from operating activities		**23,394,374**	**2,120,635**
Cash flows in investing activities:			
Capital Work In Progress		**3,998,718**	**(2,056,593)**
Increase in Intangible assets		**(27,901,840)**	--
Net cash (used in) from investing activities		**(23,903,122)**	(5,968,647)
Net increase in cash and cash equivalents		**(508,748)**	64,042
Cash and cash equivalents, beginning of the year		**520,484**	456,442
Cash and cash equivalents, end of the year		**11,736**	520,484
Represented by:			
Cash at Bank		**11,736**	**520,484**
	NOTE 6	**11,736**	**520,484**

The accompanying notes form an integral part of these Financial statements
The Report of the Auditors is set out on pages 1 and 2.

Notes to the Financial Statements
For the year ended 31st March 2019.

1 Legal status and business activity:

1.1 **8K Miles Software Services (FZE),** Sharjah – United Arab Emirates ("the Establishment") was incorporated on March 14, 2011 and operates as a Free Zone Establishment with Limited Liability in the United Arab Emirates, under a service license issued by the Sharjah Airport International Free Zone, Sharjah.

1.2 The main activities of the Establishment are providing IT Services & Solutions.

1.3 The registered office of the Establishment is located at Executive Desk Q1-05-109/C, P O Box 513211, SAIF Zone, Sharjah, UAE.

1.4 The management and control of the establishment is vested with Mr. Ramani Rama Subramani.

1.5 These financial statements incorporate the operating results of Service license No.09147.

2 Capital:

The authorized, issued and paid up share capital of the Establishment is AED 150,000 divided into 1 share(s) of AED 150,000 each. The share(s) are entirely held by M/s.8K Miles Software Services Ltd, India.

3 Summary of significant accounting policies

3.1 Statement of Compliance

The financial statements of the Establishment have been prepared in accordance with International Financial Reporting Standards (IFRS).

3.2 Basis of Preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Notes to the Financial Statements
For the year ended 31st March 2019.

3.3 Adoption of new and revised International Financial Reporting Standards

The following new and revised standards including amendments thereto and interpretations which became effective for the current reporting year have been adopted. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the financial reporting for future transactions or arrangements.

Adoption of new and revised International Financial Reporting Standards (IFRSs)

A The Company has adopted new and amended IFRSs and IFRIC interpretations which became effective on 1 January 2018. The adoption of these standards did not have material impact on the financial position or financial performance of the Company. The new and amended standards and IFRIC interpretations applied during the year are disclosed below:

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found across several Standards and Interpretations within IFRSs. It establishes a new five-step model that will apply to revenue arising from contracts with customers.

Step 1 Identify the contract with a customer (owner): A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2 Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer.

Step 3 Determine the transaction price: Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods and services to a customer, excluding amounts collected on behalf of third parties.

Notes to the Financial Statements
For the year ended 31st March 2019.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the entity will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognize revenue, as and when the Company satisfies a performance obligation.

IFRS 9 — Financial Instruments

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

Impairment

The adoption of IFRS 9 requires the Company to account for impairment loss for the 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 record an allowance for ECLs for all service charge and other receivables not held at fair value through profit or loss (FVTPL). 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. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For the service charge and other receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on the life time expected credit losses. Company has established an approach which is based on the historical credit loss experience, economic factors, and rights of lien to recover the service charges along with Regulator's concerns on service charge receivables.

Notes to the Financial Statements
For the year ended 31st March 2019.

The Company assessed the expected credit losses as prescribed by the requirements of IFRS 9 against service charge and other receivables and concluded that there was no material impact on the financial statements.

New standards and interpretations not yet adopted by the Company

Certain new accounting standards and interpretations have been published that are not mandatory for the Company's accounting period and have not been early adopted by the Company. The standards and interpretations are not likely to have a significant impact on the financial statements of the Company.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

3.4 Financial instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets and financial liabilities are recognized on the Establishment's statement of financial position when the establishment has become a party to the contractual provisions of the instrument. A financial asset is any asset that is cash, a contractual right to receive cash or other financial asset, a contractual right to exchange financial instruments under conditions that are potentially favourable or an equity instrument.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset, or to exchange financial instruments under conditions that are potentially unfavourable.

3.5 Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks with original maturities of three months or less.

Notes to the Financial Statements
For the year ended 31st March 2019.

3.6 Trade and other receivables

Trade and other receivables are measured initially at the transaction cost. They are subsequently stated at net of provisions for impairment, which is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables.

3.7 Trade payables

Trade payables are recognized initially at the transaction price for the goods and services received, whether billed by the customers or not.

3.8 Impairment of non-financial assets other than inventories

Assets that are subject to depreciation and amortization are assessed at each reporting date to determine whether there is any indication that the assets are impaired. When there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

3.9 Provisions

A provision is recognized if, as a result of a past event, the establishment has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of future economic benefits will be required to settle the obligation.

3.10 Revenue recognition

Income is recognised when: the amount of revenue can be reliably measured; it is possible that future economic benefits will flow to the entity; and specific criteria have been met

3.11 Intangible Assets

IAS 38 requires an entity to recognise an intangible asset, whether purchased or self-created (at cost) if, and only if: [IAS 38.21]

- it is probable that the future economic benefits that are attributable to the asset will flow to the entity; and

For the year ended 31st March 2019.

- the cost of the asset can be measured reliably.

This requirement applies whether an intangible asset is acquired externally or generated internally. IAS 38 includes additional recognition criteria for internally generated intangible assets.

The probability of future economic benefits must be based on reasonable and supportable assumptions about conditions that will exist over the life of the asset. [IAS 38.22] The probability recognition criterion is always considered to be satisfied for intangible assets that are acquired separately or in a business combination. [IAS 38.33]

Intangible assets that are deemed to have definite lives are amortized, primarily on a straight-line basis, over their useful lives, generally ranging upto 6 years. Refer to Note15.

4 Critical accounting judgments, estimates and assumptions

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

5 Financial risk management

5.1. Financial risk management objectives

The Establishment's management observes domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Establishment through analyzing risks exposure by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk), credit risk, and liquidity risk.

The establishment seeks to minimize the effects of risks related to financial instruments. The establishment policies in this regards are set and approved by the management on foreign exchange risk, interest rate risk, credit risk and the investment of excess liquidity.

For the year ended 31st March 2019.

5.2. Market risk

The establishment activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Establishment is not exposed to any significant interest rate risks.

5.3. Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the establishment. The establishment obtains information about counterparty's credit worthiness from publicly available information and its own trading records.

Credit risk is primarily related to the trade and other receivable balance which were presented in the balance sheet net of provision from doubtful debt that was estimated by management based on prior experience and prevailing economic condition.

5.4 Foreign Currency Management

The establishment undertakes certain transactions denominated in foreign currencies. Hence exposures to the exchange rate fluctuations arise.

Currently the establishment is mainly exposed to the currency exchange risk related to the transactions denominated in the multi currencies. There is no currency exchange risk related to transactions denominated in the US dollars or currencies linked with it as the AED rate is fixed to the US dollar. The management undertakes suitable procedure to minimize risk associated with transactions denominated in currencies other than AED and USD.

For the year ended 31st March 2019.

		31-Mar-19	31 Mar-18
6	**Cash on hand and at bank**	**AED**	**AED**
	Cash in hand	759	181,742
	Bank balances	10,977	338,742
		11,736	520,484

		31-Mar-19	31-Mar-18
7	**Trade receivables**	**AED**	**AED**
	Accounts Receivables	24,618,383	26,710,992
		24,618,383	26,710,992

		31-Mar-19	31-Mar-18
8	**Other receivables and prepayments**	**AED**	**AED**
	Other receivables & Prepayments	6,628,012	13,248,547
	Un-billed amounts spent	-	5,044,366
		6,628,012	18,292,913

		31-Mar-19	31-Mar-18
9	**Trade payables**	**AED**	**AED**
	Trade payables	86,128	172,189
		86,128	172,189

		31-Mar-19	31-Mar-18
10	**Provisions and accrued expenses**	**AED**	**AED**
	Other payables & Accrued expenses	223,379	515,890
		223,379	515,890

For the year ended 31st March 2019

		31-Mar-19	31-Mar-18
11	**Retained Earning**		
		AED	**AED**
	Opening Balance	**57,044,529**	**27,052,747**
	Net Profit for the year	**4,158,259**	**29,991,782**
	Closing Balance	**61,202,788**	**57,044,529**

		31-Mar-19	31-Mar-18
12	**Revenue**		
		AED	**AED**
	Revenue	**39,811,613**	**76,600,058**
		39,811,613	**76,600,058**

		31-Mar-19	31-Mar-18
		AED	**AED**
13	**Direct Cost**	**17,837,879**	**32,067,659**
		17,837,879	**32,067,659**

		31-Mar-19	31-Mar-18
14	**Administrative expenses**		
		AED	**AED**
	Rent, Rates & Utilities	**303,719**	**338,953**
	Sales and Marketing Costs	**4,332,808**	**3,555,893**
	Research and Development Costs	**2,309,339**	**2,602,636**
	Cloud Hosting and Communication	**2,481,477**	**2,454,767**
	Travelling and Logistics	**1,864,414**	**2,594,435**
	Professional and Consultancy	**165,400**	**425,530**
	Other Administration Expenses	**624,141**	**699,215**
		12,081,298	**12,671,429**

Notes to the Financial Statements
For the year ended 31st March 2019

15 Intangible Assets

	Intangible Assets	Total
Cost	**AED**	**AED**
As at 1 April 2018	12,461,250	12,461,250
Additions during the year	27,901,840	27,901,840
As at 31 March 2019	**40,363,090**	**40,363,090**
Accumulated Amortization		
As at 1 April 2018	**4,101,749**	**4,101,749**
Amortization for the year	5,857,176	5,857,176
As at 31 March 2019	**9,958,925**	**9,958,925**
Net book value		
As at 31 March 2019	**30,404,165**	**30,404,165**
As at 31 March 2018	**8,359,501**	**8,359,501**

Note: During the year the management has decided to amortize the Intangible asset value at the rate of 20% on the existing assets for full year and on prorate basis for the additions made during the year based on the actual period of capitalization i.e 220 days.

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