

Sensehawk MEA Limited
Financial Statements
For the Year Ended 31st December, 2023

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF SENSEHAWK MEA LIMITED

Opinion

We have audited the accompanying Special Purpose Financial Statements of Sensehawk MEA Limited (hereinafter referred to as "the Company") which comprise the Balance Sheet as at December 31, 2023, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information. These Special Purpose Financial Statements have been prepared by the management of Company per the basis of preparation as described therein, solely for the purpose of preparation of the consolidated financial statements of its ultimate holding company, Reliance Industries Limited.

In our opinion and to the best of our information and according to the explanations given to us, the Special Purpose Financial Statements of the Company for the year ended December 31, 2023 are prepared, in all material respects, in accordance with the basis of preparation of the Special Purpose Financial Statements as disclosed therein and accordingly provide a true and fair view of state of affairs of the Company as at December 31, 2023, and its profit, total comprehensive income, statement of changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Special Purpose Financial Statements in accordance with the Standards on Auditing ('SAs') issued by Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Special Purpose Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of these Special Purpose Financial Statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Special Purpose Financial Statements.

Management's Responsibility for the Special Purpose Financial Statements

The Company's Board of Director is responsible with respect to the preparation of the Special Purpose Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive loss, statement of changes in equity and cash flows of the Company in accordance with the basis of preparation of these Special Purpose Financial Statements as described therein.

The Management of the Company is responsible for maintenance of adequate accounting records, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose 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 or to cease operations, or has no realistic alternative but to do so.

The Management of the Company are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special Purpose 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 SAs 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 Special Purpose Financial Statements.

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

- Identify and assess the risks of material misstatement of the Special Purpose 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 financial 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 controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 Special Purpose 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 Special Purpose Financial Statements, including the disclosures, and whether the Special Purpose Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Special Purpose Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Special Purpose Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Special Purpose Financial Statements.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Restriction on Distribution and Use

The Special Purpose Financial Statements have been prepared for the limited purpose of preparation of the consolidated financial statements of Reliance Industries Limited, the ultimate holding company of the Company. As a result, these Special Purpose Financial Statements may not be suitable for another purpose. Our report is intended solely for the internal use of the Company and Reliance Industries Limited.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

(Firm Registration No. 117366W / W - 100018)

(Abhijit A. Damle)

(Partner)

(Membership No. 102912)

(UDIN: 24102912BKEPFN8327)

Mumbai, dated April 20, 2024

Sensehawk MEA Limited
Balance Sheet as at 31st December, 2023
(All amounts in AED, unless otherwise stated)

	Notes	As at 31st December, 2023	As at 31st December, 2022
Assets			
Non-Current Assets			
(a) Property, Plant and Equipment	3	382,206	112,722
(b) Financial Assets			
(i) Other Financial Assets	4	22,750	16,250
Total Non-Current Assets		404,956	128,972
Current Assets			
(a) Financial Assets			
(i) Trade Receivables	5	59,657	122,573
(ii) Cash and Cash Equivalents	6	461,344	42,534
(iii) Other Financial Assets	7	3,000	22,500
(b) Other Current Assets	8	334,837	1,909,065
Total Current Assets		858,838	2,096,672
Total Assets		1,263,794	2,225,644
Equity and Liabilities			
Equity			
(a) Share Capital	9	50,000	50,000
(b) Other Equity	10	(1,240,126)	(2,321,908)
Total Equity		(1,190,126)	(2,271,908)
Liabilities			
Current Liabilities			
(a) Financial Liabilities			
(i) Trade Payables	11	123,046	20,285
(b) Other Current Liabilities	12	2,330,874	4,477,267
Total Current Liabilities		2,453,920	4,497,552
Total Liabilities		2,453,920	4,497,552
Total Equity and Liabilities		1,263,794	2,225,644
Material Accounting Policies	2.2		
See Accompanying Notes to the Financial Statements	1-28		

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Registration No. 117366W/W-100018)

For and on behalf of the Board of Directors of
Sensehawk MEA Limited
Registration Number- MC 12470

Abhijit A. Damle
Partner
Membership No. 102912

Swarup Ramapriya Mavanoor
Director
DIN : 02760483

Place: Mumbai, India
Date: 20th April, 2024

Date: 20th April, 2024

Sensehawk MEA Limited
Statement of Profit and Loss for the year ended 31st December, 2023
(All amounts in AED, unless otherwise stated)

	Notes	Year Ended December 31, 2023	Year Ended December 31, 2022
Income:			
Revenue from Operations	13	17,773,534	542,404
Other Income	14	610,687	7,791,774
Total Income		18,384,221	8,334,178
Expenses:			
Employee Benefits Expense	15	15,033,355	8,477,044
Finance Costs	16	4,892	6,920
Depreciation Expense	3	72,416	17,781
Other Expenses	17	2,191,776	913,717
Total Expenses		17,302,439	9,415,462
Profit /(Loss) before Tax		1,081,782	(1,081,284)
Other Comprehensive Income:			
Total Other Comprehensive Income		-	-
Total Comprehensive Income/(Loss) for the Year		1,081,782	(1,081,284)
Earnings per ordinary share of par value of AED 1000 each			
Basic (AED)	18	21,636	(21,626)
Diluted (AED)	18	21,636	(21,626)
Material Accounting Policies	2.2		
See Accompanying Notes to the Financial Statements	1-28		

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Swarup Ramapriya Mavanoor
Director
DIN : 02760483

Place: Mumbai, India
Date: 20th April, 2024

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Sensehawk MEA Limited
Statement of Changes in Equity (SOCIE) for the year ended 31st December, 2023
(All amounts in AED, unless otherwise stated)

(a) Equity share capital

Balance at the beginning of the year i.e. 01st January, 2022	Changes in Equity Share Capital during the year 2022	Balance at the end of the year i.e. 31st December, 2022
50,000	-	50,000

Balance at the beginning of the year i.e. 01st January, 2023	Changes in Equity Share Capital during the year 2023	Balance at the end of the year i.e. 31st December, 2023
50,000	-	50,000

(b) Other equity

	Reserves and Surplus		
	Retained earnings	Other Comprehensive	Total
Balance at the beginning of the year i.e 01st January, 2022	(1,240,624)	-	(1,240,624)
Total Comprehensive Loss for the year	(1,081,284)	-	(1,081,284)
Balance at the end of the year i.e 31st December, 2022	(2,321,908)	-	(2,321,908)
Total Comprehensive Income for the year	1,081,782	-	1,081,782
Balance at the end of the year i.e 31st December, 2023	(1,240,126)	-	(1,240,126)

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Abhijit A. Damle
Partner
Membership No. 102912

Swarup Ramapriya Mavanoor
Director
DIN : 02760483

Place: Mumbai, India
Date: 20th April, 2024

Date: 20th April, 2024

Sensehawk MEA Limited
Cash Flow Statement for the year ended 31st December, 2023
(All amounts in AED, unless otherwise stated)

	Year Ended 31st December, 2023	Year Ended 31st December, 2022
A. Cash flow from operating activities		
Net Profit/(Loss) as per Statement of Profit and Loss	1,081,782	(1,081,284)
Adjustments:		
Profit on Sale of Fixed Assets	(1,415)	-
Depreciation expense	72,416	17,781
Finance costs	4,892	6,920
Bad Debts written off	116,953	-
Operating Profit/(loss) before working capital changes	1,274,628	(1,056,583)
Movement in working capital:		
Change in trade receivables	(54,037)	18,403
Change in other current assets	1,574,228	(1,891,286)
Change in other financial assets	13,000	(34,250)
Change in trade payables	102,761	(5,922)
Change in other current liabilities	(2,146,393)	2,924,236
Cash generated from/(used in) operations	764,187	(45,402)
Income tax received/(paid)	-	-
Net cash generated from/(used in) operating activities (A)	764,187	(45,402)
B. Cash flow from investing activities		
Purchase of property, plant and equipment	(347,485)	(130,503)
Proceeds from disposal of property, plant and equipment	7,000	-
Net cash (used in) investing activities (B)	(340,485)	(130,503)
C. Cash flow from financing activities		
Finance costs	(4,892)	(6,920)
Net cash (used in) financing activities (C)	(4,892)	(6,920)
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	418,810	(182,825)
Cash and cash equivalents at the beginning of the year	42,534	225,359
Cash and cash equivalents at the end of the year	461,344	42,534
<u>Components of cash and cash equivalents for the purpose of cash flow statement</u>		
Cash on hand	-	-
With banks - on current accounts	461,344	42,534
Total cash and cash equivalents (Refer Note 6)	461,344	42,534

Material Accounting Policies 2.2
See Accompanying Notes to the Financial Statements 1-28

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Registration No. 117366W/W-100018)

For and on behalf of the Board of Directors of
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Abhijit A. Damle
Partner
Membership No. 102912

Swarup Ramapriya Mavanoor
Director
DIN : 02760483

Place: Mumbai, India
Date: 20th April, 2024

Date: 20th April, 2024

Sensehawk MEA Limited
Notes to the Financial Statements for the year ended 31st December, 2023
(All amounts in AED, unless otherwise stated)

1 Corporate information

Sensehawk MEA Limited ('the Company') is domiciled in United Arab Emirates and was incorporated on December 09, 2020 as a limited liability company under the provisions of the Masdar Free Zone Companies Registration Regulations 2009. The Company's principal activity is to provide software services. The registered office of the Company is situated in Abu Dhabi in United Arab Emirates.

The Company is a subsidiary of SenseHawk, Inc. During the previous year, Reliance Industries Limited (RIL) acquired 79.40% stake in Sensehawk ,Inc. w.e.f 21st October 2022, thereby making the Company a subsidiary of RIL.

2.1 Basis of Preparation of Financial Statements

(a) Statement of compliance

These Special Purpose financial statements have been prepared for the limited purpose of use of Board of Directors of the Company, using accounting policies as specified hereinafter.

(b) Basis of preparation and presentation

The financial statements have been prepared on accrual basis under the historical cost convention and on accrual basis of accounting.

2.2 Material accounting policies

(a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is treated as current when :

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

Sensehawk MEA Limited
Notes to the Financial Statements for the year ended 31st December, 2023
(All amounts in AED, unless otherwise stated)

(b) Property plant and equipment

Tangible Assets

Property, Plant and Equipment are stated at cost of acquisition less accumulated depreciation and impairment loss, if any. Cost includes freight, duties, taxes (to the extent not recoverable from tax authorities) and expenses incidental to the acquisition/construction and installation.

The Company provides depreciation on Property, Plant and Equipment on the straight-line method ('SLM'), pro-rata to the period of use based on the useful life of the assets as estimated by the management and is charged to the Statement of Profit and Loss.

Useful life of assets followed by the Company is summarized below:

Category of assets	Useful life
Computers and Data Processing Units	3 years
Office equipment	5 years
Furniture and Fixtures	

(c) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

(d) Leases

Company as a Lessee

The Company, as a lessee, recognises a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

For short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term.

Sensehawk MEA Limited

Notes to the Financial Statements for the year ended 31st December, 2023

(All amounts in AED, unless otherwise stated)

(e) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets**Initial recognition and measurement**

All financial assets are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not at Fair Value through Profit or Loss, are adjusted to the fair value on initial recognition. Purchase and sale of financial assets are recognised using trade date accounting. However, trade receivables which do not contain a significant financing component are measured at transaction price.

Subsequent measurement

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

- i) Financial assets at amortised cost
- ii) Financial assets at fair value through other comprehensive income (FVTOCI)
- iii) Financial assets at fair value through profit or loss (FVTPL)

(i) Financial assets at amortised cost

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that represents solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL. Financial assets are reclassified subsequent to their recognition, if the Company changes its business model for managing those financial assets. Changes in business model are made and applied prospectively from the reclassification date which is the first day of immediately next reporting period following the changes in business model.

(iv) Derecognition of Financial Assets

The Company derecognizes a Financial Asset when the contractual rights to the cash flows from the Financial Asset expire or it transfers the Financial Asset and the transfer qualifies for derecognition.

Impairment of financial assets

The Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at Fair Value Through Profit and Loss (FVTPL). Expected Credit Losses are measured through a loss allowance at an amount equal to:

Sensehawk MEA Limited
Notes to the Financial Statements for the year ended 31st December, 2023
(All amounts in AED, unless otherwise stated)

- (i) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- (ii) Full lifetime expected credit losses expected credit losses that result from all possible default events over the life of the financial instrument).

For trade receivables the Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward-looking estimates are analysed. For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value. Fees of recurring nature are directly recognised in the Statement of Profit and Loss as finance cost. The Company's Financial Liabilities comprises of Trade Payables.

Subsequent measurement

Financial liabilities are carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

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 and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet 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.

(f) Revenue recognition

Sale of Services

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is recognised upon transfer of control of promised services to the customers i.e as and when services are rendered. Revenue is measured at the amount of consideration which the company expects to be entitled to in exchange for transferring distinct services to the customer, as specified in the contract, excluding taxes or duties collected on behalf of third parties.

In case of revenue from multiple deliverables, the consideration received from customers is allocated to each separate unit of identifiable deliverable based on its relative fair value. In case the relative fair value of different components cannot be determined on a reasonable basis, the total consideration is allocated on a residual value method.

Sensehawk MEA Limited
Notes to the Financial Statements for the year ended 31st December, 2023
(All amounts in AED, unless otherwise stated)

(g) Foreign currency transactions and translation

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss of the year. Monetary assets and liabilities in foreign currency, which are outstanding as at the year end, are translated at the year-end closing exchange rate and the resultant exchange differences are recognized in the Statement of Profit and Loss.

(h) Employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services. These benefits include performance incentive.

(i) Earnings Per Share (EPS)

The Basic EPS is computed using the weighted average number of equity shares outstanding during the period.

Diluted EPS amounts are calculated by dividing the profit attributable to equity shareholders of the Company (after adjusting for interest on any potential equity shares/instruments, if any) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

(j) Provisions and contingent liabilities

Provisions are recognized when the Company has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

(k) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks, which are subject to an insignificant risk of changes in value.

(l) Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated.

2.3 Critical Accounting Judgements And Key Sources Of Estimation Uncertainty

The preparation of the Company's financial statements requires management to make judgement, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Sensehawk MEA Limited**Notes to the Financial Statements for the year ended 31st December, 2023***(All amounts in AED, unless otherwise stated)*

(A) Depreciation and Useful Lives of Property, Plant and Equipment:

Property, plant and equipment are depreciated over their estimated useful lives of the assets, after taking into account their estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation to be recorded during any reporting period. The depreciation for future periods is revised if there are significant changes from previous estimates.

(B) Impairment of Financial Assets:

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions, as well as, forward looking estimates at the end of each reporting period.

(C) Impairment of Non- Financial Assets :

Where indicators of impairment exist for an asset or cash generating unit ("CGU") Management determines the recoverable amount. As part of that determination, in assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, a valuation model is used.

Sensehawk MEA Limited
Notes to the Financial Statements for the year ended 31st December, 2023
(All amounts in AED, unless otherwise stated)

3 Property, Plant and Equipment

As on 31st December,2023

Particulars	Gross block				Depreciation				Net Block
	As at 1st January 2023	Additions	Disposals	As at 31st December 2023	As at 1st January 2023	For the year	Deducti ons	As at 31st December 2023	As at 31st December 2023
Owned Assets									
Office Equipments	4,269	103,694	-	107,963	258	9,344	-	9,602	98,361
Computers and Data Processing Units	126,234	62,565	6,666	182,133	17,523	48,544	1,081	64,986	117,147
Furniture and Fixtures	-	181,226	-	181,226	-	14,528	-	14,528	166,698
Total	130,503	347,485	6,666	471,322	17,781	72,416	1,081	89,116	382,206

As on 31st December,2022

Particulars	Gross block				Depreciation				Net Block
	As at 1st January 2022	Additions	Disposals	As at 31st December 2022	As at 1st January 2022	For the year	Deducti ons	As at 31st December 2022	As at 31st December 2022
Owned Assets									
Office Equipments		4,269		4,269		258		258	4,011
Computers and Data Processing Units		126,234		126,234		17,523		17,523	108,711
Total	-	130,503	-	130,503	-	17,781	-	17,781	112,722

Sensehawk MEA Limited
Notes to the Financial Statements for the year ended 31st December, 2023
(All amounts in AED, unless otherwise stated)

4 Other Financial Assets-Non Current	As at 31st December, 2023	As at 31st December, 2022
Security Deposits	22,750	16,250
Total	22,750	16,250

5 Trade Receivables (Unsecured and considered good)	As at 31st December, 2023	As at 31st December, 2022
Trade Receivables	59,657	122,573
Total	59,657	122,573

5.1 Trade Receivables Ageing Schedule as at 31st December, 2023

	Outstanding for following periods from due date of payment					Total
	Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables - considered good	59,657	-	-	-	-	59,657
Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade receivable - credit impaired	-	-	-	-	-	-
Disputed Trade receivables - considered good	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-
	59,657	-	-	-	-	59,657

5.2 Trade Receivables Ageing Schedule as at 31st December, 2022

	Outstanding for following periods from due date of payment					Total
	Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables - considered good	122,573	-	-	-	-	122,573
Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade receivable - credit impaired	-	-	-	-	-	-
Disputed Trade receivables - considered good	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-
	122,573	-	-	-	-	122,573

6 Cash and Cash Equivalents	As at 31st December, 2023	As at 31st December, 2022
Balance with bank	461,344	42,534
Total	461,344	42,534

7 Other Financial Assets-Current	As at 31st December, 2023	As at 31st December, 2022
Security Deposits	3,000	22,500
Total	3,000	22,500

8 Other Current Assets	As at 31st December, 2023	As at 31st December, 2022
Balances with government authorities	85,373	30,288
Prepaid expenses	91,420	159,110
Advance to employees	158,044	435,976
Advance to Vendors	-	33,500
Other Assets	-	1,250,191
Total	334,837	1,909,065

Sensehawk MEA Limited
Notes to the Financial Statements for the year ended 31st December, 2023
(All amounts in AED, unless otherwise stated)

9 Share Capital

	As at 31st December, 2023	As at 31st December, 2022
Authorised Shares (No.)		
50 (January 01, 2023: 50) Ordinary shares of AED 1000 each	50,000	50,000
Issued, Subscribed and fully paid-up shares (No.)		
50 (January 01, 2023: 50) Ordinary shares of AED 1000 each	50,000	50,000

(a) Reconciliation of the shares outstanding at the beginning and at the end of the year :

Particulars	As at 31st December, 2023		As at 31st December, 2022	
	Number of shares	Amount (In AED)	Number of shares	Amount (In AED)
Shares outstanding at the beginning of the year	50	50,000	50	50,000
Issued during the year	-	-	-	-
Shares outstanding at the end of the year	50	50,000	50	50,000

(b) Terms/rights attached to shares:

(i) The Company has only one class of ordinary shares having a par value of AED 1000 per share. Each holder of equity shares is entitled to one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders.

In the event of liquidation, the ordinary shareholders are eligible to receive remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.

(c) Shares held by Holding Company:

Particulars	As at 31st December, 2023		As at 31st December, 2022	
	Number of shares	Amount (In AED)	Number of shares	Amount (In AED)
SenseHawk, Inc. (100%) (Holding Company)	50	50,000	50	50,000
	50	50,000	50	50,000

(d) Details of shareholders holding more than 5% shares in the Company:

Name of the shareholder	As at 31st December, 2023		As at 31st December, 2022	
	Number of Shares	% Holding	Number of Shares	% Holding
SenseHawk, Inc. (Holding Company)	50	100%	50	100%

Sensehawk MEA Limited
Notes to the Financial Statements for the year ended 31st December, 2023
(All amounts in AED, unless otherwise stated)

10 Other Equity	As at 31st December, 2023	As at 31st December, 2022
Retained earnings		
As per last Balance Sheet	(2,321,908)	(1,240,624)
Add: Profit/(Loss) for the year	1,081,782	(1,081,284)
Total	(1,240,126)	(2,321,908)

11 Trade Payables	As at 31st December, 2023	As at 31st December, 2022
Trade payables	123,046	20,285
Total	123,046	20,285

Ageing for trade payables as on 31st December, 2023 :

	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Others	123,046	-	-	-	123,046
Disputed Dues - Others	-	-	-	-	-
	123,046	-	-	-	123,046

Ageing for trade payables as on 31st December, 2022 :

	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Others	20,285	-	-	-	20,285
Disputed Dues - Others	-	-	-	-	-
	20,285	-	-	-	20,285

12 Other Current Liabilities	As at 31st December, 2023	As at 31st December, 2022
Advance from related parties (Refer Note 22)	991,093	3,841,970
Deferred Revenue	14,715	-
Other Payables	1,325,066	635,297
Total	2,330,874	4,477,267

13 Revenue from Operations	Year Ended December 31, 2023	Year Ended December 31, 2022
Sale of Services		
Data Analytical Services	593,710	542,404
Software Development Support services	17,179,824	-
Total	17,773,534	542,404

14 Other Income	Year Ended December 31, 2023	Year Ended December 31, 2022
Other Non Operating Income	609,272	7,791,774
Profit on Sale of Fixed Assets	1,415	-
Total	610,687	7,791,774

Sensehawk MEA Limited
Notes to the Financial Statements for the year ended 31st December, 2023
(All amounts in AED, unless otherwise stated)

15 Employee Benefits Expense	Year Ended December 31, 2023	Year Ended December 31, 2022
Salaries, wages and bonus (Net of Recovery from Holding Company) (Refer Note 22)	14,505,646	8,252,454
Staff Welfare Expenses	527,709	224,590
Total	15,033,355	8,477,044
16 Finance Costs	Year Ended December 31, 2023	Year Ended December 31, 2022
Bank Charges	4,892	6,920
Total	4,892	6,920
17 Other Expenses	Year Ended December 31, 2023	Year Ended December 31, 2022
Data Collection charges	311,164	130,973
Advertising and Sales Promotion	16,625	31,549
Communication Costs	71,877	94,677
Legal and Professional fees	193,217	365,309
Payment to Auditors (Refer Note 17.1)	13,312	13,312
Rates and Taxes	-	676
Rent (Refer note 22)	861,606	100,214
Office expense	187,205	37,794
Sales Commission	65,716	18,884
Travelling and Conveyance	120,808	73,421
Foreign exchange loss (net)	197,133	27,587
Bad Debts Written Off	116,953	-
Miscellaneous expenses	36,160	19,321
Total	2,191,776	913,717
17.1 Payment to Auditors	Year Ended December 31, 2023	Year Ended December 31, 2022
As Auditor:		
Audit Fees	13,312	13,312
	13,312	13,312
18 Earnings/(Loss) per share (EPS)	Year Ended December 31, 2023	Year Ended December 31, 2022
The following reflects the basic and diluted EPS computations:		
Face Value per Ordinary Share (AED)	1,000	1,000
Basic Earnings per Share (AED)	21,636	(21,626)
Net Loss as per Statement of Profit and Loss	1,081,782	(1,081,284)
Weighted average number of equity shares used as denominator for calculating EPS	50	50
Diluted Earnings per Share (AED)	21,636	(21,626)
Net Loss as per Statement of Profit and Loss	1,081,782	(1,081,284)
Weighted average number of equity shares used as denominator for calculating EPS	50	50

Sensehawk MEA Limited
Notes to the Financial Statements for the year ended 31st December, 2023
(All amounts in AED, unless otherwise stated)

19 Capital Management:

The Company adheres to a disciplined Capital Management framework, the pillars of which are as follows:

- Maintain diversity of sources of financing and spreading the maturity across tenure buckets in order to minimise liquidity risk.
- Manage financial market risks arising from foreign exchange and interest rates, and minimise the impact of market volatility on earnings.
- Leverage optimally in order to maximise shareholder returns while maintaining strength and flexibility of Balance Sheet. This framework is adjusted based on underlying macroeconomic factors affecting business environment, financial market conditions and interest rates environment.

The net gearing ratio at the end of each reporting period was as follows:

Gearing ratio:

The gearing ratio at the end of the year was as follows:

	As at 31st December, 2023	As at 31st December, 2022
Debt	-	-
Less: Cash and cash equivalents (Note 6)	(461,344)	(42,534)
Net debt (A)	(461,344)	(42,534)
Total equity (B)	(1,190,126)	(2,271,908)
Gearing ratio (A/B)	-	-

20 Fair value measurement hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table provides the fair value measurement hierarchy of financial assets and liabilities of the Company:

Particulars	As at 31st December 2023			
	Carrying Amount	Level of input used in	Level of input used in	Level of input used in
		Level-1	Level-2	Level-3
Financial assets				
At Amortised cost				
Trade Receivables	59,657	-	-	-
Cash and Bank Balances	461,344	-	-	-
Other Financial Assets-Non Current	22,750	-	-	-
Other Financial Assets-Current	3,000	-	-	-
Total	546,751	-	-	-
Financial liabilities				
At Amortised cost				
Trade payables	123,046	-	-	-
Total	123,046	-	-	-

Particulars	As at 31st December 2022			
	Carrying Amount	Level of input used in	Level of input used in	Level of input used in
		Level-1	Level-2	Level-3
Financial assets				
At Amortised cost				
Trade Receivables	122,573	-	-	-
Cash and Bank Balances	42,534	-	-	-
Other Financial Assets-Non Current	16,250	-	-	-
Other Financial Assets-Current	22,500	-	-	-
Total	203,857	-	-	-
Financial liabilities				
At Amortised cost				
Trade payables	33,597	-	-	-
Total	33,597	-	-	-

Sensehawk MEA Limited

Notes to the Financial Statements for the year ended 31st December, 2023

(All amounts in AED, unless otherwise stated)

21 Financial Risk Management

The Company's principal financial liabilities, comprise of trade payables. The company's principal financial assets include trade and other receivables and cash and cash equivalents that derive directly from its operations.

The Company's activities expose it to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risk and works towards minimizing the potential adverse effects, if any, on its financial performance.

(a) Market Risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises interest rate risk and currency rate risk. Financial instruments affected by market risk include loans and borrowings, payables and deposits. The sensitivity analyses in the following sections relate to the position as at the balance sheet date. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as at the balance sheet date.

(i) Interest rate risk

The Company's Bank Balances are carried at amortised cost. They are therefore not subject to interest rate risk since neither the carrying amount nor the future cash flows will fluctuate because of change in market interest rates.

(ii) Foreign Currency risk

Foreign Currency Risk is the risk that the Fair Value or Future Cash Flows of an exposure will fluctuate because of changes in foreign currency rates. Exposures can arise on account of the various assets and liabilities which are denominated in currencies other than AED. Apart from the below mentioned foreign currency exposure the Company does not have any foreign currency exposure outstanding as on 31 December 2023.

The Company's foreign currency exposure not hedged by a derivative instrument or otherwise as at the year end is as follows:

Particulars	Foreign Currency Denomination	As at 31st December 2023		As at 31st December 2022	
		Foreign Currency	Equivalent (In AED)	Foreign Currency	Equivalent (In AED)
Advance Received (Refer Note 22)	USD	267,595	991,093	1,041,557	3,825,325
Advance Received (Refer Note 22)	INR	-	-	375,118	16,645

(b) Credit risk management:

Credit risk is the risk of loss that may arise on outstanding financial instruments if a counterparty default on its obligations. The Company's exposure to credit risk arises majorly from trade receivables and other financial assets. The Company ensure that sales of services are made to customers with appropriate creditworthiness. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

With respect to other financial assets, the Company has internal team to review the receivables on periodic basis and to take necessary mitigations, wherever required. The Company has a prudent and conservative process for managing its credit risk arising in the course of its business activities.

(c) Liquidity Risk:

Liquidity risk arises from the Company's inability to meet its cash flow commitments on the due date. The Company maintains sufficient stock of cash, marketable securities and committed credit facilities. The Company accesses local financial markets to meet its liquidity requirements. Treasury monitors rolling forecasts of the Company's cash flow position and ensures that the Company is able to meet its financial obligation at all times including contingencies.

The Company's liquidity is managed centrally with operating units forecasting their cash and liquidity requirements. Treasury pools the cash surpluses and arranges to either fund the net deficit or invest the net surplus in a range of short-dated, secure and liquid instruments including short-term bank deposits and similar instruments. The portfolio of these investments is diversified to avoid concentration risk in any one instrument or counterparty.

The table below summarises the maturity profile of the Company's financial liabilities as below:

	As at 31st December, 2023		
	Less than 1 year	More than 1 year	Total
Trade Payables	123,046	-	123,046
	As at 31st December, 2022		
	Less than 1 year	More than 1 year	Total
Trade Payables	20,285	-	20,285

Sensehawk MEA Limited
Notes to the Financial Statements for the year ended 31st December, 2023
(All amounts in AED, unless otherwise stated)

22 Related party disclosures

(1) Names of related parties and related party relationship

Ultimate Holding Company (Control Exists)	Reliance Industries Limited , India
Holding Company (Control Exists)	SenseHawk, Inc., USA
Fellow Subsidiary	Sensehawk India Private Limited, India
Key management personnel	Mr. Swarup Ramapriya Mavanoor (Director) Mr. Rahul Janardan Sankhe (Director of Holding Company)

(2) Related party transactions

Details of transactions entered into with related parties along with balances as at year end are as given below:

A. Transactions during the year

	Year Ended December 31, 2023	Year Ended December 31, 2022
Recovery of Salary, Wages and Bonus		
SenseHawk, Inc.	496,800	697,454
	496,800	697,454
Recovery of Expenses by;		
Sensehawk India Private Limited	10,969	1,858
SenseHawk, Inc.	-	37,893
	10,969	39,751
Recovery of Expenses from;		
SenseHawk, Inc.	371,926	-
	371,926	-
Employee Benefit Expenses		
Swarup Ramapriya Mavanoor	843,000	843,000
Rahul Janardan Sankhe	819,000	817,000
	1,662,000	1,660,000
Rent Expense		
Swarup Ramapriya Mavanoor	247,881	-
Rahul Janardan Sankhe	190,000	-
	437,881	-
Software Development Support Services		
SenseHawk, Inc.	17,179,824	-
	17,179,824	-

B. Balances outstanding

	Year Ended December 31, 2023	Year Ended December 31, 2022
Advance Received		
Sensehawk India Private Limited	-	16,645
SenseHawk, Inc.	991,093	3,825,325

Sensehawk MEA Limited
Notes to the Financial Statements for the year ended 31st December, 2023
(All amounts in AED, unless otherwise stated)

23 Segment information:

The Board of Directors of the Company being the Chief Operating Decision Maker (CODM) review information presented in the financial statement for purposes of allocating revenue and evaluating financial performance.

The Company has one operating and reportable segment i.e. Data analytical services. Hence, no further disclosures of segment wise information is required to be provided.

24 Events after reporting period:

There were no subsequent events after the reporting date which requires disclosure or adjustment to the reported amounts.

25 Going Concern Considerations:

The accumulated losses have fully eroded the net worth of the Company. The management has evaluated and concluded on the ability of the Company to continue as a going concern in the foreseeable future, based on the continued support from Sensehawk, Inc. (Immediate Parent), as evidenced from the fact that Sensehawk, Inc. has issued a support letter with regards to the same.

Accordingly, these financial statements have been prepared on a going concern basis.

26 There are no outstanding Contingent Liabilities and Capital Commitments in the name of the Company as on 31st December, 2023.

27 Previous year's figures have been regrouped/rearranged wherever necessary to correspond with current year's classification /disclosures

28 The financial statements were approved for issue by the board of directors on 20th April, 2024.

For **Deloitte Haskins & Sells LLP**
 Chartered Accountants
 (Registration No. 117366W/W-100018)

For and on behalf of the Board of Directors of
Sensehawk MEA Limited
 Registration Number- MC 12470

Abhijit A. Damle
 Partner
 Membership No. 102912

Swarup Ramapriya Mavanoor
 Director
 DIN : 02760483

Place: Mumbai, India
 Date: 20th April, 2024

Date: 20th April, 2024