

**HCL TECHNOLOGIES EGYPT LTD (L.L.C)**

**FINANCIAL STATEMENTS  
TOGETHER WITH AUDITOR'S REPORT**

**FOR THE YEAR ENDED  
31 MARCH 2022**

**FINANCIAL STATEMENTS**

For the year ended 31 March 202

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## **AUDITOR'S REPORT**

### **TO THE QUOTA HOLDERS OF HCL TECHNOLOGIES EGYPT LTD (L.L.C.)**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of HCL Technologies Egypt Ltd (L.L.C), which comprise the statement of financial position as of 31 March 2022, and the statements of profit or loss, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

#### **Management's Responsibility for the Financial Statements**

These financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management 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; management responsibility also includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 policies used and the 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 on the financial statements.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HCL Technologies Egypt Ltd (L.L.C) as of 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

### **Report on Other Legal and Regulatory Requirements**

The Company maintains proper books of account, which include all that is required by law and by the statutes of the Company and the financial statements are in agreement therewith.

The financial information included in the General Manager report, prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the Company's books of account within the limits that such information is recorded therein.

KPMG Hazem Hassan  
Public Accountants & Consultants

Cairo, 25 July 2022.

HCL Technologies Egypt Ltd (L.L.C)

**STATEMENT OF FINANCIAL POSITION**

As of 31 March 2022

|                                                  | Note | 31 March 2022<br>EGP | 31 March 2021<br>EGP |
|--------------------------------------------------|------|----------------------|----------------------|
| <b>Assets</b>                                    |      |                      |                      |
| <b>Non-Current assets</b>                        |      |                      |                      |
| <b>Intangible Assets</b>                         |      |                      |                      |
| Good will                                        | 4    | 439,125              | 439,125              |
| Customer List                                    | 4    | 526,910              | 727,393              |
| <b>Tangible Assets</b>                           |      |                      |                      |
| Property, plant and equipment "net"              | 5    | 851,617              | 640,540              |
| <b>Other Non-Current assets</b>                  |      |                      |                      |
| Deferred tax assets                              | 6    | 15,989               | -                    |
| Finance lease receivables                        |      | 1,321,656            | 2,293,106            |
| <b>Total non-Current Asset</b>                   |      | <b>3,155,297</b>     | <b>4,100,164</b>     |
| <b>Current Assets</b>                            |      |                      |                      |
| Account receivable                               | 7    | 1,727,538            | 14,310,861           |
| Due from related parties                         | 8    | 7,602,780            | 6,954,988            |
| Finance lease receivables                        |      | 995,568              | 1,020,142            |
| Other receivables                                | 9    | 12,249,104           | 644,101              |
| Cash and Cash equivalents                        | 10   | 31,589,643           | 10,936,285           |
| <b>Total current assets</b>                      |      | <b>54,164,633</b>    | <b>33,866,377</b>    |
| <b>Total assets</b>                              |      | <b>57,319,930</b>    | <b>37,966,541</b>    |
| <b>Equity and Liabilities</b>                    |      |                      |                      |
| <b>Quota Holder Equity</b>                       |      |                      |                      |
| Paid up capital                                  | 11   | 4,654,190            | 4,654,190            |
| Legal reserve                                    |      | 518,727              | 391,591              |
| Retained earnings                                |      | 7,433,052            | 5,017,477            |
| <b>Total Quota Holder Equity</b>                 |      | <b>12,605,969</b>    | <b>10,063,258</b>    |
| <b>Liabilities</b>                               |      |                      |                      |
| <b>Non-Current Liabilities</b>                   |      |                      |                      |
| Deferred Tax liabilities                         | 6    | -                    | 228,981              |
| Deferred Revenue                                 |      | -                    | 40,254               |
| <b>Total Non-Current Liabilities</b>             |      | <b>-</b>             | <b>269,235</b>       |
| <b>Current Liabilities</b>                       |      |                      |                      |
| Accounts Payable                                 |      | 1,091,909            | 765,401              |
| Due to related parties                           | 8    | 29,544,488           | 20,740,357           |
| Income taxes payable                             | 6    | 1,110,070            | -                    |
| Accrued expenses and other payables              | 12   | 12,967,494           | 6,128,290            |
| <b>Total current liabilities</b>                 |      | <b>44,713,961</b>    | <b>27,634,048</b>    |
| <b>Total Liabilities</b>                         |      | <b>44,713,961</b>    | <b>27,903,283</b>    |
| <b>Total Liabilities and Quota Holder Equity</b> |      | <b>57,319,930</b>    | <b>37,966,541</b>    |

Auditor's report attached



**Raghu Raman Lakshmanan**  
General Manager

The accompanying notes from (1) to (19) are an integral part of these financial statements.

## HCL TECHNOLOGIES EGYPT LTD (L.L.C)

**STATEMENT OF PROFIT OR LOSS**

For the year ended 31 March 2022

|                                                                |      | Year ended<br>31 March 2022 | Year ended<br>31 March 2021 |
|----------------------------------------------------------------|------|-----------------------------|-----------------------------|
|                                                                | Note | EGP                         | EGP                         |
| Revenues                                                       | 13   | 53,152,878                  | 42,871,729                  |
| Cost of Revenues                                               |      | (30,191,549)                | (36,977,991)                |
| <b>Gross Profit</b>                                            |      | <b>22,961,329</b>           | <b>5,893,738</b>            |
| General and administrative expenses                            | 14   | (18,135,047)                | (1,474,475)                 |
| (Impairment loss) / Reverse of impairment on trade receivables |      | (582,697)                   | 208,611                     |
| Depreciation on fixed assets                                   | 5    | (281,378)                   | (49,215)                    |
| Amortization of customer List                                  | 4    | (200,483)                   | (87,257)                    |
|                                                                |      | <b>(19,199,605)</b>         | <b>(1,402,336)</b>          |
| <b>Net Operating Profit</b>                                    |      | <b>3,761,724</b>            | <b>4,491,402</b>            |
| Finance income                                                 |      | 926,835                     | 60,836                      |
| Finance costs                                                  |      | (1,282,977)                 | (222,690)                   |
| Net finance costs/Income                                       | 15   | <b>(356,142)</b>            | <b>(161,854)</b>            |
| <b>Net Profit for the year before tax</b>                      |      | <b>3,405,582</b>            | <b>4,329,548</b>            |
| Current income taxes                                           | 6    | (1,107,841)                 | (343,788)                   |
| Deferred income taxes                                          | 6    | 244,970                     | (629,599)                   |
| <b>Profit for the year</b>                                     |      | <b>2,542,711</b>            | <b>3,356,161</b>            |
| <b>Earnings per Share</b>                                      | 16   | <b>5.46</b>                 | <b>7.21</b>                 |

L. R. R.

Raghu Raman Lakshmanan  
General Manager

The accompanying notes from (1) to (19) are an integral part of these financial statements.

HCL TECHNOLOGIES EGYPT LTD (L.L.C)

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**STATEMENT OF OTHER COMPREHENSIVE INCOME**

For the year ended 31 March 2022

|                                   | <b>Year ended<br/>31 March 2022<br/>EGP</b> | <b>Year ended<br/>31 March 2021<br/>EGP</b> |
|-----------------------------------|---------------------------------------------|---------------------------------------------|
| Net Profit for the year           | 2,542,711                                   | 3,356,161                                   |
| Other comprehensive income        | -                                           | -                                           |
| <b>Total Comprehensive income</b> | <b>2,542,711</b>                            | <b>3,356,161</b>                            |

The accompanying notes from (1) to (19) are an integral part of these financial statements.

HCL TECHNOLOGIES EGYPT LTD (L.L.C)

**STATEMENT OF CHANGES IN QUOTA HOLDER EQUITY**

For the year ended 31 March 2022

|                                    | <b>Paid up<br/>capital<br/>EGP</b> | <b>Legal<br/>reserve<br/>EGP</b> | <b>Retained<br/>earnings<br/>EGP</b> | <b>Total<br/>EGP</b> |
|------------------------------------|------------------------------------|----------------------------------|--------------------------------------|----------------------|
| <b>Balance as of 1 April 2020</b>  | 4,654,190                          | 223,783                          | 1,829,124                            | 6,707,097            |
| <b><u>Comprehensive Income</u></b> |                                    |                                  |                                      |                      |
| Net Profits for the year           | -                                  | -                                | 3,356,161                            | 3,356,161            |
| Other comprehensive income         | -                                  | -                                | -                                    | -                    |
| <b>Total Comprehensive Income</b>  | 4,654,190                          | 223,783                          | 5,185,285                            | 10,063,258           |
| Transferred to legal reserve       | -                                  | 167,808                          | (167,808)                            | -                    |
| <b>Balance as of 31 March 2021</b> | 4,654,190                          | 391,591                          | 5,017,477                            | 10,063,258           |
| <b><u>Comprehensive Income</u></b> |                                    |                                  |                                      |                      |
| Net Profits for the year           | -                                  | -                                | 2,542,711                            | 2,542,711            |
| Other comprehensive income         | -                                  | -                                | -                                    | -                    |
| <b>Total Comprehensive Income</b>  | -                                  | -                                | 2,542,711                            | 2,542,711            |
| Transferred to legal reserve       | -                                  | 127,136                          | (127,136)                            | -                    |
| <b>Balance as of 31 March 2022</b> | 4,654,190                          | 518,727                          | 7,433,052                            | 12,605,969           |

The accompanying notes from (1) to (19) are an integral part of these financial statements.



HCL TECHNOLOGIES EGYPT LTD (L.L.C)

**STATEMENT OF CASH FLOWS**

For the year ended 31 March 2022

|                                                                     | Note | 31 March 2022<br>EGP | 31 March 2021<br>EGP |
|---------------------------------------------------------------------|------|----------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING<br/>ACTIVITIES</b>                     |      |                      |                      |
| Net Profit for the year before tax                                  |      | 3,405,583            | 4,329,548            |
| <b>Adjustments</b>                                                  |      |                      |                      |
| Amortization of customer list                                       | 4    | 200,483              | 87,257               |
| Depreciation for Fixed Assets                                       | 5    | 281,379              | 49,215               |
|                                                                     |      | <b>3,887,445</b>     | <b>4,466,020</b>     |
| <b>Change in</b>                                                    |      |                      |                      |
| Account receivable                                                  |      | 12,583,324           | (3,043,290)          |
| Due from related parties                                            |      | (647,792)            | (4,424,618)          |
| Other receivables                                                   |      | (11,605,003)         | 2,217,321            |
| Deferred revenue                                                    |      | (40,254)             | (50,245)             |
| Accounts Payable                                                    |      | 326,508              | (2,043,561)          |
| Due to related parties                                              |      | 8,804,131            | (1,653,033)          |
| Deferred consideration                                              |      | -                    | (628,594)            |
| Accrued expenses and other payables                                 |      | 6,839,202            | 1,917,178            |
| <b>Cash provided from (used in) operating activities</b>            |      | <b>20,147,561</b>    | <b>(3,242,822)</b>   |
| Income taxes paid                                                   |      | (29,116)             | (345,313)            |
| <b>Net cash flows from (Used in) operating activities</b>           |      | <b>20,118,445</b>    | <b>(3,588,135)</b>   |
| <b>CASH FLOW FROM INVESTMENT<br/>ACTIVITIES</b>                     |      |                      |                      |
| Payments for purchasing Fixed Assets                                |      | (492,455)            | (689,755)            |
| <b>Net Cash (used in) investing activities</b>                      |      | <b>(492,455)</b>     | <b>(689,755)</b>     |
| <b>Cash flows from financing activities</b>                         |      |                      |                      |
| Finance lease                                                       |      | 1,027,368            | (3,313,248)          |
| <b>Net cash flows from (used in) financing activities</b>           |      | <b>1,027,368</b>     | <b>(3,313,248)</b>   |
| <b>Net change in cash and cash equivalent<br/>during the year</b>   |      | <b>20,653,358</b>    | <b>(7,591,138)</b>   |
| Cash and cash equivalents balance at the beginning<br>of the year   |      | <b>10,936,285</b>    | <b>18,527,423</b>    |
| <b>Cash and cash equivalents balance at the end<br/>of the year</b> | 10   | <b>31,589,643</b>    | <b>10,936,285</b>    |

The accompanying notes from (1) to (19) are an integral part of these financial statements.

HCL TECHNOLOGIES EGYPT LTD (L.L.C)

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**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

**1 BACKGROUND**

HCL Technologies Egypt Ltd (L.L.C) was established under the provisions of law No. 159 of 1981.

The Company was registered in the commercial registry under No. 81246 on 23 March 2015.

The registered office is located at 2237 North tower – Nile City Towers– 22nd floor – Ramlet Bulaq – Corniche el Nile, Cairo Egypt.

The purpose of the Company is to characterize, analyse and design software, databases, and different types of applications. Produce and develop programs and applications and the creation of databases and electronic information systems then operate and provide training on it. Produce different types of electronic components from sound, image and written information.

The ultimate parent is HCL Technologies Ltd.

The company's management approved on issuing the financial statements at 25 July, 2022.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2-1 Basis of preparation**

The financial statements are prepared under the going concern assumption on a historical cost basis.

The financial statements are prepared and presented in Egyptian pound, which is the Company's functional currency.

**Statement of compliance**

The financial statements of the Company have been prepared in accordance with the Egyptian accounting standards and the applicable laws and regulations.

The accounting policies adopted this year are consistent with those policies adopted in the prior year.

**New and amendments on the Egyptian Accounting Standards**

On 18 March 2019, some Egyptian Accounting Standards were amended and new standards were issued as per the decree of the Minister of Investment and International Cooperation's No. 69 of 2019 to amending some of the Egyptian Accounting Standards issued by the Minister of Investment's Decree No. 110 of 2015, which were published in the in the official Gazette on 25 April 2019 and are applicable to financial periods beginning in or after 1 January 2021.

**Application of Egyptian Accounting Standard No. (48) Revenue from contracts with Customers**

The company has applied Egyptian Accounting Standard No. (48) revenue from contracts with customers, and the company has chosen to apply the standard retrospectively modified in accordance with what is permitted by the transitional provisions of the standard. Under this method, the standard can be applied either to all contracts at the initial application date or only to contracts that were not completed on that date.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

According to Egyptian Accounting Standard No. (48), the price received from the customer is variable because the contract allows the customer to return the products. The Group used the expected value method to estimate the goods to be returned. For goods expected to be returned, the company present a return obligation and an asset in exchange for the right to recover products from the customer separately in the balance sheet. Upon application of Egyptian Accounting Standard No. (48), the company measures the impact of a “return obligation” and the principal relating to the return of products from the customer.

**Egyptian Accounting Standard No. (47) “Financial Instruments”**

The company has implemented the Egyptian Accounting Standard No. (47) “Financial Instruments” for annual periods beginning on 1 January 2021 or after that date, as the standard combines all three aspects of accounting for financial instruments: classification and measurement, impairment in value and hedge accounting.

**Classification and measurement**

According to Egyptian Accounting Standard No. (47), debt instruments can be subsequently measured at fair value through profit or loss, amortized cost, or fair value through other comprehensive income. The classification is based on two criteria: the group's business model for managing assets, and whether the contractual cash flows represent solely payments of principal and interest on the principal amount outstanding. The following are the changes in the company's classification of its financial assets:

No changes have been made to classification and measurements financial liabilities as a result of applying the standard Egyptian Accounting Standard No. (47).

**Decline in value**

The application of Egyptian Accounting Standard No. (47) has changed the company's accounting for impairment losses of financial assets by replacing the incurred losses approach for IAS No. 26 with the expected future credit losses approach. Egyptian Accounting Standard No. (47) requires the Company to recognize an allowance for expected credit losses for all loans and other debt financial assets not held at fair value through profit or loss.

The application of the ECL model in accordance with Egyptian Accounting Standard No. (47) did not lead to any changes in the carrying value of financial assets carried at amortized cost for the company.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued****2-2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

The key judgements and estimates that have a significant impact on the separate financial statement of the Company are discussed below:

**2-2-1 Judgments****Revenue recognition**

EAS 48 addresses revenue recognition for contracts with customers as well as treatment of incremental costs incurred to obtain a contract with a customer.

Prior to its adoption, the company performed an assessment of its potential accounting effects and concluded that there was no significant impact on the financial statements from its adoption. In particular:

- The company's services are realized on the basis of signed customer contracts;
- In performing the contracts, the services rendered by the company form a single contractual arrangement;
- Consideration for services rendered is defined contractually, and there is no significant financial component. Variable pricing is restricted to bonuses or penalties applicable in certain contracts based on achieving or missing contractual ratios related to operations. The related amounts are not significant and may be reliably determined at each reporting date; the allocation of the consideration due under the transaction is straight-forward as there is only a single contractual arrangement
- Revenue is therefore recognized as services are rendered using a volume basis.

**2-2-2 Estimates****Impairment of trade and other receivables**

When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL) Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event.

## HCL TECHNOLOGIES EGYPT LTD (L.L.C)

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued****Tax**

The company is subject to income tax imposed in Egypt. Important judgments are required to determine the total provisions for current and deferred taxes. The Company has made provisions, based on reasonable estimates, bearing in mind the potential consequences of the examinations conducted by the tax authorities in Egypt. The amount of this provision is based on several factors, including experience with previous tax checks and differing interpretations of tax regulations by the company and the responsible tax authority. Such differences in interpretation may arise in several subjects according to the conditions prevailing in Egypt at the time.

Deferred tax assets are recognized for unused and carried forward tax losses so that it is probable that they will offset taxable profits that these losses can be used to offset. Substantial management judgments must determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, as well as future tax planning strategies.

**Impairment of non-financial assets**

At each reporting date, the company reviews the carrying amounts of its non-financial assets (other than inventory and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount

**Impairment of Goodwill**

Goodwill is tested annually on March 31, for impairment, or sooner whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the company cash generating units (CGU) expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU

The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU. Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU, pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill recognized in the statement of profit and loss is not reversed in the subsequent period.

**2-3 SUMMARY SIGNIFICANT ACCOUNTING POLICIES****2-3-1 Foreign currency translation**

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

Transactions in foreign currencies are initially recorded using the prevailing exchange rates on the transaction date.

Monetary assets and liabilities denominated in foreign currencies are retranslated using the exchange rates prevailing at the financial position date. All differences are recognized in the statement of profit or loss.

Nonmonetary items that are measured at historical cost in foreign currencies are translated using the exchange rates prevailing at the date of the initial recognition.

Nonmonetary items measured at fair value in foreign currencies are translated using the exchange rates prevailing at the date when the fair value is determined.

## 2 SIGNIFICANT ACCOUNTING POLICIES - *Continued*

### 2-3-2 Accounts and other receivables

Accounts and other receivables are measured at amortized cost and include invoiced amounts less appropriate allowances for estimated uncollectible amounts. Impairment is recognized when there is objective evidence that the company will not be able to collect all the amounts due. The impairment is the difference between the book value and the recoverable amount. Trade, notes receivables, debtors and other debit balances are initially recognized at fair value in addition to the transaction cost directly attributable to obtaining initial issue of financial asset, subsequently measured at amortized cost using the effective interest rate.

### 2-3-3 Accounts and notes payable, accrued expenses and other payables

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

### 2-3-4 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are reviewed at the financial position date and adjusted to reflect the current best estimate.

Where the effect of the time value of money is material, the amount of a provision should be the present value of the expected expenditures required to settle the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance expense.

### 2-3-5 Social insurance

The Company makes contributions to the Social Insurance Authority calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

### 2-3-6 Legal reserve

HCL TECHNOLOGIES EGYPT LTD (L.L.C)

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**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

According to the Company's articles of association, 5% of the net profits of the year is transferred to the legal reserve until this reserve reaches 50% of capital. The reserve is used upon a decision from the general assembly meeting.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

**2 SIGNIFICANT ACCOUNTING POLICIES - *Continued*****2-3-7 Income tax**

Current tax and deferred tax are recognized as income or expense in the statement of profit or loss of the year except to the extent that it relates to process or event recognized, or items recognized directly in equity or in OCI.

**Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are not offset unless certain conditions are met.

**Deferred tax**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes (accounting purposes) and the amounts used for tax purposes.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.



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**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

**2 SIGNIFICANT ACCOUNTING POLICIES - *Continued***

**2-3-8 Revenue recognition**

The company recognizes revenue from contracts with customers based on the five-step model outlined in Egyptian Accounting Standard (48):

Step 1: Define the contract with the customer: A contract is an agreement between two or more parties that results in binding rights and obligations and clarifies the criteria that must be met for each contract.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise to the customer as per the contract in order to transfer goods or provide services to the customer.

Step 3: Determine the transaction price: The transaction price is the price expected from the Company for the transfer of agreed goods or services with the customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that contains more than one performance obligation, the Group allocates the transaction price to each performance obligation in the amount of an estimated price for the goods or services expected to be received for the performance of the performance obligation.

Step 5: Recognize revenue when (or when) the entity satisfies the performance obligation.

The company satisfies the performance obligation and recognizes revenue over the term of the contract if it meets any of the following requirements:

1. the customer obtains the benefits arising from the performance of the group and consumes those benefits at the same time, or
2. The Company's performance results in the creation or improvement of an asset under the control of the Customer at the time of the improvement or creation, or
3. The company's performance of the obligation is not originally for other uses of the company, and the company has the right to collect the amount for the performance completed up to its enforceable date.

For performance obligations where one of the above conditions is not met, revenue is recognized at the time the performance obligation is satisfied.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

### 2 SIGNIFICANT ACCOUNTING POLICIES - *Continued*

When the Company satisfies a performance obligation by delivering agreed goods or rendering services, the Group creates an asset based on the contract for the price it received for the performance. If the amount of the price invoiced to the customer exceeds the amount of the included revenue, this increases the contract obligation.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

Revenue is recognized in the statement of profit or loss to the extent that it is expected that the economic benefits will flow to the company and that the revenue and costs, where applicable, can be measured reliably.

#### 2-3-9 Expenses

All expenses including operating expenses, general and administrative expenses and other expenses are recognized and charged to the statement of income in the financial year in which these expenses were incurred.

#### 2-3-10 Leases contract

EAS 49 replaces EAS 20 Leases, the former lease accounting standard. The new lease standard will require assets leased by the Company to be recognized on the statement of financial position of the Company with a corresponding liability.

During 2020, the Company has performed a detailed impact assessment of EAS 49. In summary the impact of EAS 49 adoption is expected to be, as follows:

The Company, as a lessee, will recognize a right-of-use asset and a lease liability on the lease commencement date.

Upon initial recognition the right of use asset is measured as the amount equal to initially measure lease liability adjusted for lease prepayments, initial direct cost, lease incentives and the discounted estimated asset retirement obligation. Subsequently the right of use assets will be measured at cost net of any accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the shorter estimated useful lives of the right-of-use assets or the lease term.

The lease liability is measured upon initial recognition at the present value of the future lease and related fixed services payments over the lease term, discounted with the interest rate implicit to the lease or Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Subsequently lease liabilities are measured at amortized cost using the effective interest rate method.

Right-of-use assets and lease liabilities will be remeasured subsequently if one of the following events occurs:

Change in lease price due to indexation or rate which has become effective in reporting period

Modifications to the lease contract

Reassessment of the lease term

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**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

**2 SIGNIFICANT ACCOUNTING POLICIES - *Continued***

Leases which are short term in nature (less than 12 months including extension options) and leases of low value items will continue to be expensed in the statement of profit or loss as incurred.

**2-3-11 Related party transactions**

Related parties represent associated companies, major quota holders, 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 General Manager.

**2-3-12 Contingent Liabilities and Assets**

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the separate financial statements but disclosed when an inflow of economic benefits is probable.

**2-3-13 Fair value measurement**

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 the most advantageous market for the asset or liability.

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.

For assets traded in an active market, fair value is determined by reference to quoted market bid prices.

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

For unquoted assets, fair value is determined by reference to the market value of a similar asset or is based on the expected discounted cash flows.

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

All assets and liabilities for which fair value is measured or disclosed in the separate financial statements are categorized 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:

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

**2 SIGNIFICANT ACCOUNTING POLICIES - Continued**

- Level 1 – Fair value measurements are those derived from quoted prices in an active market (that are unadjusted) for identical assets or liabilities.
- Level 2 – Fair value measurements are those derived from 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 – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognized in the separate financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**2-3-14 Impairment****Impairment of financial assets**

The Company assesses at each statement of financial position date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

**Impairment of non-financial assets**

At the financial statements date, the company reviews the carrying amounts of its owned non-financial assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the company estimates the recoverable amount for each asset separately in order to estimate the impairment losses. In case the recoverable amount of the asset cannot be properly estimated, the company estimates the recoverable amounts for the cash-generating unit which is related to the asset.

In case of using a reasonable and consistent basis for allocating the assets to the cash generating units, the company's general assets would be also allocated to these units. If this is unattainable, the general assets of the company shall be allocated to the smallest group of the cash-generating units, which the company determined using logical and fixed basis.

The asset recoverable amount or the cash-generating unit is represented by the higher of the fair value (less the estimated selling costs) or the estimated amount from the usage of the asset (or the cash generating unit).

The estimated future cash flow from the usage of the assets, or the cash generating unit using a discount rate before tax, is discounted in order to reach the present value for these flows; which represents the estimated amount from using the asset (or the cash generating unit).

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

**2 SIGNIFICANT ACCOUNTING POLICIES - Continued**

This rate reflects current market assessments of the time value of money and the risks specific to the asset, which were not taken into consideration when estimating the future cash flow generated from it. When the recoverable amount of the asset (cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount with the impairment loss recognized immediately in the consolidated income statement.

In case the impairment on asset (or cash generating unit) decreases subsequently, and this decrease is related in a logical manner to one event or more taking place after the initial recognition of the impairment at the profit or losses, a reversal is done for the revised amount of losses (or a part of it) which had been recognized previously- in the income statement, and the carrying amount for the asset is increased (or the cash generating unit) with the new estimated recoverable amount provided that the revised carrying amount of the asset after revising (or the cash generating unit) does not exceed the carrying amount determined for the asset, had the recognized losses resulting from impairment, not been recognized in previous years.

**2-3-15 Statement of cash flows**

The statement of cash flows is prepared using the indirect method.

**2-3-16 Cash and cash equivalent**

For the purpose of preparing the statement of cash flows, the cash and cash equivalent comprise cash on hand, current accounts with banks and time deposits maturing within three months.

**2-3-17 Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets are amortized over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The intangible assets are amortized over expected revenue from P&P.

## HCL TECHNOLOGIES EGYPT LTD (L.L.C)

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

**2 SIGNIFICANT ACCOUNTING POLICIES - Continued****2-3-18 Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is the aggregate of the consideration transferred measured at fair value at the acquisition date and the amount of any non-controlling interest in the acquiree. For each business combination, the Company measures the non-controlling interest in the acquiree at fair value. Acquisition related costs are expensed as incurred. Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as financial liability is measured at fair value with changes in fair value recognized in the statement of profit and loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest, and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the excess is recognized as capital reserve after reassessing the fair values of the net assets.

**2-3-19 Fixed assets and depreciation**

Fixed assets are recorded on purchase at cost and are presented in the financial statements net of accumulated depreciation and impairment losses. Historical costs include costs associated with the purchase of the asset. Depreciation is provided on a straight-line basis to write off the cost of each asset over its expected useful life as follows:

|           | <i>Estimated<br/>useful life</i> |
|-----------|----------------------------------|
| Computers | 3 Years                          |
| Laptop    | 1 Year                           |

**2-3-20 Earnings per share**

Earnings per share are calculated by dividing the net profit for the year, after deducting employees share and Board of Managers remuneration, by the weighted average number of outstanding shares during the year.

**3. ACQUISITION OF SELECT IBM SOFTWARE PRODUCTS**

On 6 December 2018, HCL Group had signed a definitive agreement to acquire business relating to select IBM software products, the acquisition though has been consummated effective 30 June 2019. The HCL Group has acquired these products for security, marketing, commerce, and digital solutions along with certain assumed liabilities and in scope employees. With this HCL Group gets 100% control on the assets being acquired and has also taken full ownership of the research and development, sales, marketing, delivery and support for these products. Through this acquisition, the HCL Group intends to enhance its products and platforms offering to customers across a wide range of industries and markets.

IBM will pay the Company for the assumed liabilities as related services are rendered, based on an agreed basis. HCL Technologies Egypt Ltd had paid EGP 881,689 Full.

## HCL TECHNOLOGIES EGYPT LTD (L.L.C)

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

**4. INTANGIBLE ASSETS**

|               | 31 March 2022<br>EGP | 31 March 2021<br>EGP |
|---------------|----------------------|----------------------|
| Goodwill      | 439,125              | 439,125              |
| Customer list | 526,910              | 727,393              |
|               | <u>966,035</u>       | <u>1,166,518</u>     |

**A) Goodwill:**

|                                 | 31 March 2022<br>EGP | 31 March 2021<br>EGP |
|---------------------------------|----------------------|----------------------|
| Goodwill at date of acquisition | 439,125              | 439,125              |
|                                 | <u>439,125</u>       | <u>439,125</u>       |

**B) Customer List:**

|                          | 31 March 2022<br>EGP | 31 March 2021<br>EGP |
|--------------------------|----------------------|----------------------|
| Customer List Cost       | 881,689              | 881,689              |
| Accumulated amortization | (354,779)            | (154,296)            |
|                          | <u>526,910</u>       | <u>727,393</u>       |

**5. PROPERTY, PLANT AND EQUIPMENT****31-03-2021**

|                                  | Computer<br>EGP | Laptop<br>EGP | Total<br>EGP   |
|----------------------------------|-----------------|---------------|----------------|
| <b>Cost:</b>                     |                 |               |                |
| At 1 April 2020                  | -               | -             | -              |
| Additions during the year        | 675,820         | 13,935        | 689,755        |
| At 31 March 2021                 | <u>675,820</u>  | <u>13,935</u> | <u>689,755</u> |
| <b>Accumulated Depreciation:</b> |                 |               |                |
| At 1 April 2020                  | -               | -             | -              |
| Depreciation for the year        | 43,448          | 5,767         | 49,215         |
| At 31 March 2021                 | <u>43,448</u>   | <u>5,767</u>  | <u>49,215</u>  |
| <b>Net book value:</b>           |                 |               |                |
| At 31 March 2021                 | <u>632,372</u>  | <u>8,168</u>  | <u>640,540</u> |

**31-03-2022**

|                                  | Computer<br>EGP  | Laptop<br>EGP  | Total<br>EGP     |
|----------------------------------|------------------|----------------|------------------|
| <b>Cost:</b>                     |                  |                |                  |
| At 1 April 2021                  | 675,820          | 13,935         | 689,755          |
| Additions during the year        | 382,455          | 110,000        | 492,455          |
| At 31 March 2022                 | <u>1,058,275</u> | <u>123,935</u> | <u>1,182,210</u> |
| <b>Accumulated Depreciation:</b> |                  |                |                  |
| At 1 April 2021                  | 43,448           | 5,767          | 49,215           |
| Depreciation for the year        | 260,402          | 20,976         | 281,378          |
| At 31 March 2022                 | <u>303,850</u>   | <u>26,743</u>  | <u>330,593</u>   |
| <b>Net book value:</b>           |                  |                |                  |
| At 31 March 2022                 | <u>754,425</u>   | <u>97,192</u>  | <u>851,617</u>   |

HCL TECHNOLOGIES EGYPT LTD (L.L.C)

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

**6. INCOME TAXES**

|                                        | 31 March 2022<br>EGP | 31 March 2021<br>EGP  |
|----------------------------------------|----------------------|-----------------------|
| <b>Statement of Profit or Loss</b>     |                      |                       |
| Current income Tax                     | 1,107,841            | 343,788               |
| Deferred income Tax                    | (244,970)            | 629,599               |
| Income tax expense                     | <u>862,871</u>       | <u>973,387</u>        |
| <b>Statement of financial position</b> |                      |                       |
| Income taxes payable                   | (1,110,070)          | (319,507)             |
| Tax authority – withholding tax        | <u>1,162,606</u>     | <u>778,712</u>        |
| Net income tax receivable / (payable)  | <u><b>52,536</b></u> | <u><b>459,205</b></u> |

withholding tax - Tax authority as of 31 March 2022 are presented in (Note 9).

**DEFERRED INCOME TAXES**

|                                         | <b>Statement of financial position</b> |                         | <b>Statement of profit or loss</b> |                         |
|-----------------------------------------|----------------------------------------|-------------------------|------------------------------------|-------------------------|
|                                         | <b>2022<br/>EGP</b>                    | <b>2021<br/>EGP</b>     | <b>2022<br/>EGP</b>                | <b>2021<br/>EGP</b>     |
| Unrealized foreign exchange differences | 150,438                                | (147,395)               | 297,833                            | (555,218)               |
| Gaap Adjustment                         | 18,400                                 | -                       | 18,400                             | -                       |
| Amortization of Tangibles               | (136,212)                              | (66,524)                | (69,688)                           | (66,524)                |
| Amortization of Intangibles             | (16,637)                               | (15,062)                | (1,575)                            | (7,857)                 |
| Net deferred income tax                 | <u><b>15,989</b></u>                   | <u><b>(228,981)</b></u> | <u><b>244,970</b></u>              | <u><b>(629,599)</b></u> |

**RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE**

|                                                 |        | 31 March 2022<br>EGP  |        | 31 March 2021<br>EGP  |
|-------------------------------------------------|--------|-----------------------|--------|-----------------------|
| Net profit of the year                          |        | 2,542,711             |        | 3,356,161             |
| Income tax according to income statement        |        | <u>862,872</u>        |        | <u>973,387</u>        |
| <b>Net profit before tax</b>                    |        | <b>3,405,583</b>      |        | <b>4,329,548</b>      |
| Income tax using legal tax rate                 | 22.5%  | 707,771               | 22.5%  | 974,148               |
| Non-deductible expenses                         |        | 23,993                |        | 21,895                |
| Adjustment in respect of prior years            |        | -                     |        | 24,281                |
| Unrecognized deferred tax assets for provisions |        | 131,107               |        | (46,937)              |
| <b>Income tax</b>                               | 27.43% | <u><b>862,871</b></u> | 20.44% | <u><b>973,387</b></u> |

**7. ACCOUNTS RECEIVABLES**

|                                 | 31 March 2022<br>EGP    | 31 March 2021<br>EGP     |
|---------------------------------|-------------------------|--------------------------|
| Accounts Receivable             | 2,735,235               | 14,774,518               |
| Allowance for Doubtful account. | <u>(1,007,697)</u>      | <u>(463,657)</u>         |
|                                 | <u><b>1,727,538</b></u> | <u><b>14,310,861</b></u> |



## HCL TECHNOLOGIES EGYPT LTD (L.L.C)

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

**7. ACCOUNTS RECEIVABLES - Continued**

Movement of impairment in value of accounts and notes receivables is as follows:

|                                     | 31 March 2022<br>EGP | 31 March 2021<br>EGP |
|-------------------------------------|----------------------|----------------------|
| Beginning Balance                   | 463,657              | 633,611              |
| Recovered / Charged during the year | 544,040              | (169,954)            |
| Ending Balance                      | <u>1,007,697</u>     | <u>463,657</u>       |

**8. RELATED PARTIES**

For the purpose of these financial statements, parties are considered to be related to the Company, if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

**Related party transactions**

During the year, the following were the significant related party transactions, which were carried based on rules set by management:

| Related parties                                    | Nature of the transactions  | Year ended<br>31 March<br>2022<br>EGP | Year ended<br>31 March<br>2021<br>EGP |
|----------------------------------------------------|-----------------------------|---------------------------------------|---------------------------------------|
| HCL Finland                                        | Consultancy fees (expense)  |                                       | 1,168                                 |
| HCL Finland                                        | Services rendered (revenue) | 34,893                                |                                       |
| HCL Technologies UK Limited                        | Consultancy fees (expense)  | 344,976                               | 78,829                                |
| HCL Technologies UK Limited                        | Services rendered (revenue) | 2,800,071                             | 1,135,306                             |
| HCL Technologies Limited                           | Services rendered (revenue) | 156,590                               |                                       |
| HCL Technologies Limited                           | Consultancy fees (expense)  | 7,394,814                             | 7,806,298                             |
| HCL Tech Ltd - IOMC                                | Services rendered (revenue) | 603,945                               | 19,237                                |
| HCL Tech Ltd - IOMC                                | Consultancy fees (expense)  |                                       | 94,085                                |
| HCL Great Britain Ltd.                             | Consultancy fees (expense)  | 50,012                                | 1,858,673                             |
| HCL Technologies (PTY) Ltd. (Fy HCL Axon PTY Ltd.) | Consultancy fees (expense)  | 146,813                               |                                       |
| HCL Technologies (PTY) Ltd. (Fy HCL Axon PTY Ltd.) | Services rendered (revenue) | 114,109                               |                                       |
| HCL Technologies Sweden AB                         | Consultancy fees (expense)  | 38,358                                | 469,588                               |
| HCL Indonesia                                      | Services rendered (revenue) | 70,198                                |                                       |
| HCL Indonesia                                      | Consultancy fees (expense)  | 13,391                                |                                       |
| HCL Technologies Shanghai                          | Consultancy fees (expense)  |                                       | 799,967                               |
| HCL Brazil Tecnologia da Informação EIRELI         | Consultancy fees (expense)  | 230,570                               | 1,941,110                             |
| HCL AMERICA INC.                                   | Consultancy fees (expense)  | 92,715                                | 567,577                               |
| HCL AMERICA INC.                                   | Services rendered (revenue) | 173,452                               |                                       |
| HCL AXON Malaysia SDN BHD                          | Consultancy fees (expense)  | 23,152                                |                                       |
| HCL POLAND SP.Z O.O.                               | Consultancy fees (expense)  |                                       | 4,714,643                             |
| HCL POLAND SP.Z O.O.                               | Services rendered (revenue) | 107,834                               |                                       |
| HCL Technologies Limited Ireland                   | Consultancy fees (expense)  | 98,839                                |                                       |
| HCL Technologies B.V.                              | Consultancy fees (expense)  | 9,076                                 | 28,081                                |
| HCL Technologies Denmark ApS                       | Consultancy fees (expense)  | 124,897                               |                                       |
| HCL Technologies Denmark ApS                       | Services rendered (revenue) | 9,622                                 |                                       |
| HCL Technologies Ltd Madurai                       | Consultancy fees (expense)  | 363,013                               | 650,976                               |
| HCL Technologies Ltd Madurai                       | Services rendered (revenue) | 10,296                                |                                       |
| HCL Technologies Middle EAST FZ LLC                | Consultancy fees (expense)  | 12,384                                | 29,794                                |

## HCL TECHNOLOGIES EGYPT LTD (L.L.C)

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

|                                              |                             |            |           |
|----------------------------------------------|-----------------------------|------------|-----------|
| HCL Latin America Holding, LLC, Costa Rica   | Consultancy fees (expense)  | 1,339,633  | 347,207   |
| HCL Latin America Holding, LLC, Costa Rica   | Services rendered (revenue) | 401,126    |           |
| HCL Canada INC. SD                           | Consultancy fees (expense)  | 1,590,708  | 1,833,896 |
| HCL Hong Kong SAR ltd                        | Services rendered (revenue) | 179,716    | 179,715   |
| HCL Hong Kong SAR ltd                        | Consultancy fees (expense)  | 13,902     |           |
| filial Espanola De HCL Technologies, S.L     | Services rendered (revenue) |            | 2,030,871 |
| filial Espanola De HCL Technologies, S.L     | Consultancy fees (expense)  |            | 692,890   |
| HCL Technologies Corporate Ser Ltd           | Services rendered (revenue) | 10,587,504 | 980,153   |
| HCL Technologies Philippines Inc.            | Consultancy fees (expense)  | 208,609    | 232,809   |
| HCL GMBH                                     | Consultancy fees (expense)  |            | 217,178   |
| HCL Technology Germany GMBH                  | Consultancy fees (expense)  |            | 43,092    |
| HCL Technology Germany GMBH                  | Services rendered (revenue) | 1,312,638  |           |
| HCL Australia SERVICES PTY LTD               | Consultancy fees (expense)  | 102,081    | 47,269    |
| HCL Technologies Czech Republic S.R.O        | Consultancy fees (expense)  |            | 256,775   |
| HCL South Africa                             | Consultancy fees (expense)  |            | 16,658    |
| HCL Technologies Limited Nagpur              | Consultancy fees (expense)  | 55,920     | 20,088    |
| HCL Technologies Limited Nagpur              | Services rendered (revenue) | 31,307     |           |
| HCL Technologies Ltd Lucknow                 | Consultancy fees (expense)  | 13,449     | 2,416,289 |
| HCL Technologies Belgium BVBA                | Consultancy fees (expense)  |            | 945,752   |
| HCL TECNOLOGIA LIMITED ISRAEL                | Consultancy fees (expense)  |            | 235,090   |
| HCL TECNOLOGIA LIMITED ISRAEL                | Services rendered (revenue) | 28,021     |           |
| HCL Technologies Limited, Vijayawada         | Consultancy fees (expense)  | 110,470    |           |
| HCL Technologies Limited, Vijayawada         | Services rendered (revenue) |            | 35,469    |
| HCL Arabia LLC - Saudi Arabia                | Services rendered (revenue) | 555,723    |           |
| HCL ARGENTINA S.A                            | Consultancy fees (expense)  | 17,752     |           |
| HCL ARGENTINA S.A                            | Services rendered (revenue) | 198,467    |           |
| HCL Asia Pacific Pte. Ltd., Korea            | Services rendered (revenue) | 30,552     |           |
| Hcl Istanbul Bilisim Teknolojileri Ltd. Sti. | Services rendered (revenue) | 39,207     |           |
| HCL Japan Limited                            | Services rendered (revenue) | 666,005    |           |
| HCL Latin America Holding, LLC, Panama       | Services rendered (revenue) | 148,565    |           |
| HCL TECH Ltd BPO SERVICES - India            | Consultancy fees (expense)  | 9,939      |           |
| HCL TECH Ltd BPO SERVICES - India            | Services rendered (revenue) | 2,005,488  |           |
| HCL TECHNOLOGIES AUSTRIA GMBH                | Services rendered (revenue) | 66,329     |           |
| HCL Technologies Columbia S.A.S              | Services rendered (revenue) | 125,230    |           |
| HCL Technologies Czech RePUBLIC              | Services rendered (revenue) | 30,583     |           |
| HCL TECHNOLOGIES ITALY S.P.A                 | Services rendered (revenue) | 40,154     |           |
| HCL TECHNOLOGIES MEXICO                      | Consultancy fees (expense)  | 12,228     |           |
| HCL TECHNOLOGIES MEXICO                      | Services rendered (revenue) | 42,533     |           |
| HCL Technologies Thailand Ltd                | Services rendered (revenue) | 112,906    |           |
| HCL TECHNOLOGY Ltd UAE                       | Consultancy fees (expense)  | 84,518     |           |
| HCL TECHNOLOGY Ltd UAE                       | Services rendered (revenue) | 9,513      |           |
| HCL TECHNOLOGY NEW ZEALAND                   | Services rendered (revenue) | 17,589     |           |
| HCLTechnologies Chile SPA                    | Consultancy fees (expense)  | 18,072     |           |
| HCLTechnologies Chile SPA                    | Services rendered (revenue) | 23,751     |           |
| Telrx Marketing Inc USA                      | Services rendered (revenue) | 71,673     |           |
| HCL AXON SOLUTIONS LIMITED                   | Consultancy fees (expense)  | 12,200     |           |
| HCL Axon Solutions Shanghai Co.              | Consultancy fees (expense)  | 1,545,314  |           |
| HCL Axon Tech.(Shanghai)                     | Consultancy fees (expense)  | 20,678     |           |
| HCL Technologies Beijing co ltd              | Consultancy fees (expense)  | 2,744,632  |           |
| HCL TECHNOLOGIES LUXEMBOURG S.A.R.L          | Consultancy fees (expense)  | 20,041     |           |
| HCL Technologies Vietnam Company Limited     | Consultancy fees (expense)  | 11,582     |           |
| HCLTechnologies Lanka (Private) Limited      | Consultancy fees (expense)  | 1,049,608  |           |

## HCL TECHNOLOGIES EGYPT LTD (L.L.C)

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

**8. RELATED PARTIES - Continued**

The related parties' transactions described above resulted in the following balances:

|                                                       | 31 March 2022   |               | 31 March 2021   |               |
|-------------------------------------------------------|-----------------|---------------|-----------------|---------------|
|                                                       | Due from<br>EGP | Due to<br>EGP | Due from<br>EGP | Due to<br>EGP |
| HCL Axon Technologies (Shanghai)7260                  | 337,373         | 24,046        | 290,312         | -             |
| HCL Axon Technologies (Shanghai) Co. Ltd<br>7190      | -               | 1,453,117     | -               | -             |
| HCL Technologies UK Limited                           | -               | 391,266       | -               | 78,829        |
| HCL Technologies Limited                              | 2,117,458       | 20,751,091    | 4,275,294       | 16,119,858    |
| HCL Tech Ltd - IOMC                                   | 180,040         | -             | 10,570          | -             |
| HCL Great Britain Ltd.                                | -               | -             | -               | 40,618        |
| HCL Technologies Germany GmbH                         | 786,766         | -             | -               | -             |
| HCL Technologies Sweden AB                            | -               | -             | -               | 469,588       |
| HCL AMERICA INC.                                      | 8,353           | 46,050        | -               | 1,157,022     |
| HCL Latin America Holding, LLC, Costa Rica            | 401,126         | 1,464,177     | -               | -             |
| HCL POLAND SP.Z O.O.                                  | 107,834         | -             | -               | 493,301       |
| HCL Technologies B.V.                                 | -               | 10,325        | -               | 28,081        |
| HCL Technologies Denmark ApS                          | 9,622           | 142,199       | -               | -             |
| HCL Technologies Limited Ireland                      | -               | 113,793       | -               | -             |
| HCL Technologies Ltd Madurai                          | -               | 9,653         | -               | -             |
| HCL Brazil Tecnologia da Informação EIRELI            | -               | 2,957,887     | 870,658         | 1,899,079     |
| HCL Info Tech (Shanghai)                              | 256,522         | -             | 256,522         | -             |
| HCL Indonesia                                         | 70,198          | 13,391        | 4,634           | -             |
| HCL AXON Malaysia SDN BHD                             | -               | 23,152        | -               | -             |
| HCL AUSTRALIA                                         | -               | -             | -               | 26,032        |
| HCL Technologies S.A. Venezuela                       | -               | 10,767        | -               | 21,344        |
| HCL TECNOLOGIA LIMITED ISRAEL                         | 28,021          | -             | -               | 235,090       |
| filial Espanola De HCL Technologies, S.L              | -               | -             | 257,299         | -             |
| HCL TECHNOLOGIES CORPORATE SER                        | 1,461,444       | -             | 809,984         | -             |
| HCL Finland                                           | 7,448           | -             | -               | 1,168         |
| HCL Technologies Ltd Lucknow                          | -               | 13,449        | -               | 134,878       |
| HCL Technologies Limited, Vijayawada                  | -               | 41,516        | -               | 35,469        |
| HCL Hong kong SAR                                     | -               | 13,902        | 179,715         | -             |
| HCL ARGENTINA S.A                                     | 198,467         | 19,119        | -               | -             |
| HCL Asia Pacific Pte. Ltd., Korea Branch              | 30,552          | -             | -               | -             |
| HCL Japan Limited                                     | 666,005         | -             | -               | -             |
| HCL Latin America Holding, LLC, Panama                | 148,565         | -             | -               | -             |
| HCL Saudi Arabia LLC                                  | 405,460         | -             | -               | -             |
| HCL Technologies (PTY) Ltd. (Fy HCL Axon<br>PTY Ltd.) | 114,109         | -             | -               | -             |
| HCL Technologies Columbia S.A.S                       | 125,230         | -             | -               | -             |
| HCL Technologies Limited NAGPUR                       | 31,307          | -             | -               | -             |
| Telerox Marketing Inc                                 | 71,673          | -             | -               | -             |
| Hcl Istanbul Bilisim Teknolojileri Ltd. Sti.          | 39,207          | -             | -               | -             |
| HCL Technologies Beijing Co., Ltd                     | -               | 1,110,525     | -               | -             |
| HCL Technologies Mexico                               | -               | 14,599        | -               | -             |
| HCL Technologies Middle East                          | -               | 64,699        | -               | -             |
| HCL Technologies Middle East FZ LLC Dubai             | -               | 12,437        | -               | -             |
| HCL Technologies Vietnam Company Limited              | -               | 11,582        | -               | -             |
| HCL Technologies Chile SPA                            | -               | 22,656        | -               | -             |
| HCL Technologies Lanka (PRIVATE )<br>LIMITED          | -               | 674,183       | -               | -             |

HCL TECHNOLOGIES EGYPT LTD (L.L.C)

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

|                              |                  |                   |                  |                   |
|------------------------------|------------------|-------------------|------------------|-------------------|
| HCL Technologies Philippines | -                | 124,968           | -                | -                 |
| HCL TECH Ltd BPO SERVICES    | -                | 9,939             | -                | -                 |
|                              | <u>7,602,780</u> | <u>29,554,488</u> | <u>6,954,988</u> | <u>20,740,357</u> |

**9. OTHER RECEIVABLES**

|                                     | <b>31 March 2022</b> | <b>31 March 2021</b> |
|-------------------------------------|----------------------|----------------------|
|                                     | <b>EGP</b>           | <b>EGP</b>           |
| Deposit - Financial Asset           | 4,603                | 4,603                |
| Accrued Revenue                     | 10,291,270           | 148,595              |
| Advances to Suppliers               | 24,080               | 2,322                |
| Withholding taxes – tax authorities | 1,162,606            | 459,205              |
| Deferred Cost                       | 16,230               | 13,342               |
| Other Receivables                   | 128,394              | 12,391               |
| Prepaid Expenses                    | 583,814              | 3,643                |
| Value added taxes - Tax authority   | 38,107               | -                    |
|                                     | <u>12,249,104</u>    | <u>644,101</u>       |

**10. CASH AND CASH EQUIVALENTS**

|                   | <b>31 March 2022</b> | <b>31 March 2021</b> |
|-------------------|----------------------|----------------------|
|                   | <b>EGP</b>           | <b>EGP</b>           |
| Cash at Banks EGP | 27,117,251           | 8,278,764            |
| Cash at Banks USD | 4,472,392            | 2,657,521            |
|                   | <u>31,589,643</u>    | <u>10,936,285</u>    |

**11. CAPITAL**

The Company's capital amounted to EGP 4,210,790 divided over 421,079 quotes of EGP 10 each.

The extraordinary general assembly held on 22 June 2017 decided to increase the Company's capital by EGP 443,400 to reach EGP 4,654,190 divided over 465,419 quotas of a par value of EGP 10 as follows:

|                             | <b>%</b>   | <b>Number of</b> | <b>Amount</b>    |
|-----------------------------|------------|------------------|------------------|
|                             |            | <b>quotas</b>    | <b>L.E.</b>      |
| HCL Technologies UK Limited | 99.99998   | 465,418          | 4,654,180        |
| HCL EAS Limited             | 0.000023   | 1                | 10               |
|                             | <u>100</u> | <u>465,419</u>   | <u>4,654,190</u> |

HCL TECHNOLOGIES EGYPT LTD (L.L.C)

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

**12. ACCRUED EXPENSES AND OTHER PAYABLES**

|                                          | <b>31 March 2022<br/>EGP</b> | <b>31 March 2021<br/>EGP</b> |
|------------------------------------------|------------------------------|------------------------------|
| Accrued expenses                         | 8,354,929                    | 1,071,329                    |
| Deferred revenue                         | 1,189,637                    | 4,395,957                    |
| Tax authority- value added taxes         | -                            | 584,452                      |
| Tax authority – withholding taxes        | 478,481                      | 76,552                       |
| salaries and wages and employee benefits | 1,175,038                    | -                            |
| Social Contributions                     | 62,359                       | -                            |
| Advances From Customers                  | 1,707,050                    | -                            |
|                                          | <b>12,967,494</b>            | <b>6,128,290</b>             |

**13. REVENUE**

|                               | <b>31 March 2022<br/>EGP</b> | <b>31 March 2021<br/>EGP</b> |
|-------------------------------|------------------------------|------------------------------|
| Sale of services              | 53,152,878                   | 35,345,586                   |
| Sale of hardware and software | -                            | 7,526,143                    |
|                               | <b>53,152,878</b>            | <b>42,871,729</b>            |

| <b>Contract type</b> | <b>31 March 2022<br/>EGP</b> | <b>31 March 2022<br/>EGP</b> |
|----------------------|------------------------------|------------------------------|
| Fixed price          | 53,152,878                   | 42,871,729                   |
| Time and Material    | -                            | -                            |
|                      | <b>53,152,878</b>            | <b>42,871,729</b>            |

## HCL TECHNOLOGIES EGYPT LTD (L.L.C)

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

**14. GENERAL AND ADMINISTRATIVE EXPENSES**

|                                          | 31 March 2022<br>EGP | 31 March 2021<br>EGP |
|------------------------------------------|----------------------|----------------------|
| Legal Expenses                           | 352,584              | 78,300               |
| Professional fees                        | 2,269,427            | 1,217,230            |
| Bank charges                             | 94,021               | 28,557               |
| Telephone And Telex                      | 158,425              | -                    |
| Health benefit                           | -                    | 97,313               |
| Medical Insurance expense                | 583,814              | -                    |
| Rent Office Premises                     | 94,251               | 49,193               |
| Other expense                            | 14,856               | 3,882                |
| salaries and wages and employee benefits | 7,283,090            | -                    |
| Casual Technical staff services          | 7,239,075            | -                    |
| Marketing Expenses                       | 45,504               | -                    |
|                                          | <b>18,135,047</b>    | <b>1,474,475</b>     |

**15. FINANCE INCOME (COSTS)**

|                                             | 31 March 2022<br>EGP | 31 March 2021<br>EGP |
|---------------------------------------------|----------------------|----------------------|
| Foreign exchange Loss                       | (1,282,977)          | (216,416)            |
| Foreign exchange Gain                       | 890,726              | -                    |
| Interest cost on deferred consideration     | -                    | (4,131)              |
| Interest On Short Term Loan – related party | -                    | (2,143)              |
| Interest income on customer Finance lease   | 36,110               | 60,836               |
|                                             | <b>(356,141)</b>     | <b>(161,854)</b>     |

**16. EARNING PER SHARE**

|                                                                | 31 March 2022<br>EGP | 31 March 2021<br>EGP |
|----------------------------------------------------------------|----------------------|----------------------|
| <b>Profit for the year</b>                                     | <b>2,542,711</b>     | <b>3,356,161</b>     |
| Weighted average numbers of shares outstanding during the year | 465,419              | 465,419              |
| <b>Earnings per share</b>                                      | <b>5.46</b>          | <b>7.21</b>          |

**17. TAX SITUATION**○ **Corporate Tax**

No tax inspection took place from inception up to 31 March, 2022.

○ **Salary Tax**

No tax inspection took place from inception up to 31 March, 2022.

○ **Withholding Tax**

No tax inspection took place from inception up to 31 March, 2022.

HCL TECHNOLOGIES EGYPT LTD (L.L.C)

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

○ **Stamp Tax**

No tax inspection took place from inception up to 31 March, 2022.

○ **Value added Tax**

No tax inspection took place from inception up to 31 March, 2022.

**18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

**Overview**

The Company has exposure to the following risks from its use of financial instruments:

- a) Credit risk
- b) Market risk
- c) Liquidity risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The General Manager of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's senior management are responsible for developing and monitoring the risk management policies and report regularly to the General Manager on their activities.

The Company's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management policies in other areas.

**a) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk principally from its receivables from customers, due from related parties, other receivables.

***Trade and notes receivable***

The customer credit risk is established by the Company's policies, procedures and controls relating to customer credit risk management. Credit quality of a customer is assessed based on extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis.

***Due from related parties***

Due from related parties relates to transactions arising in the normal course of business with minimal credit risk, with a maximum exposure equal to the carrying amount of these balances.

## HCL TECHNOLOGIES EGYPT LTD (L.L.C)

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

**18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - Continued****b) 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, such as currency risk and interest rate risk, which will affect the Company's income. Financial instruments affected by market risk include interest-bearing loans and borrowings and deposits. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company does not hold or issue derivative financial instruments.

***Exposure to interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's obligations with floating interest rates and interest-bearing time deposit

***Exposure to foreign currency risk***

The following tables demonstrate the sensitivity to a reasonably possible change in USD and SRL exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

|            | <b>2022</b>           |                                    | <b>2021</b>           |                                    |
|------------|-----------------------|------------------------------------|-----------------------|------------------------------------|
|            | <b>Change in Rate</b> | <b>Effect on profit Before tax</b> | <b>Change in Rate</b> | <b>Effect on profit Before tax</b> |
| <b>USD</b> | +10%                  | (76,515)                           | +10%                  | (851,185)                          |
| <b>USD</b> | -10%                  | 76,515                             | -10%                  | 851,185                            |
| <b>SRL</b> | +10%                  | (295,788)                          | +10%                  | -                                  |
| <b>SRL</b> | -10%                  | 295,788                            | -10%                  | -                                  |

**c) Liquidity risk**

The cash flows, funding requirements and liquidity of the Company are monitored by local Company management. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. The Company manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecasted and actual cash flows and matching maturity profiles of financial assets and liabilities.

The Company currently has sufficient the cash on demand to meet expected operational expenses, including the servicing the financial obligations.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.



## HCL TECHNOLOGIES EGYPT LTD (L.L.C)

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

**18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - Continued****Financial liabilities**

|                                                 | <b>Less than 3<br/>Months<br/>EGP</b> | <b>3 to 12<br/>months<br/>EGP</b> | <b>Total<br/>EGP</b> |
|-------------------------------------------------|---------------------------------------|-----------------------------------|----------------------|
| <b><u>As at 31 March 2022</u></b>               |                                       |                                   |                      |
| Due to related parties                          | 2,963,170                             | 26,581,318                        | 29,544,488           |
| Accrued expense and payables                    | 12,967,494                            | -                                 | 12,967,494           |
| <b>Total undiscounted financial liabilities</b> | <b>15,930,664</b>                     | <b>26,561,726</b>                 | <b>42,492,390</b>    |
| <b><u>As at 31 March 2021</u></b>               |                                       |                                   |                      |
| Due to related parties                          | -                                     | 20,740,357                        | 20,740,357           |
| Accrued expense and payables                    | 6,128,290                             | -                                 | 6,128,290            |
| <b>Total undiscounted financial liabilities</b> | <b>6,128,290</b>                      | <b>20,740,357</b>                 | <b>26,868,647</b>    |

**19. FAIR VALUES OF FINANCIAL INSTRUMENTS**

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash at bank, accounts receivable and due from related parties and other receivables. Financial liabilities consist of due to related parties, income taxes payable and accrued expenses and other payables.

The fair value of financial instruments are not materially different from their carrying values.