HCL TECHNOLOGIES EGYPT LTD (L.L.C)

FINANCIAL STATEMENTS
TOGETHER WITH AUDITOR'S REPORT

FOR THE YEAR ENDED
31 MARCH 2023

Contents

Translation of Auditor's report
Originally issued in Arabic

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 2023, 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 2023, 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, 31 July 2023.

STATEMENT OF FINANCIAL POSITION
At 31 March 2023

	Note	31/3/2023 EGP	31/3/2022 EGP
Assets			
Non-Current assets			
Intangible Assets			
Good will	4	439,125	439,125
Customer List	4	429,382	526,910
Tangible Assets			
Property, plant and equipment “net"	5	2,224,663	851,617
Other Non-Current assets			
Deferred tax assets	6	1,724,354	15,989
Finance lease receivables		384,057	1,321,656
Total non-Current Asset		**5,201,581**	**3,155,297**
Current Assets			
Account receivable	7	35,673,769	1,727,538
Due from related parties	8	23,735,569	7,602,780
Finance lease receivables		937,600	995,568
Other receivables	9	5,938,588	12,249,104
Cash and Cash equivalents	10	54,662,513	31,589,643
Total current assets		**120,948,039**	**54,164,633**
Total assets		**126,149,620**	**57,319,930**
Equity and Liabilities			
Quota Holder Equity			
Paid up capital	11	4,654,190	4,654,190
Legal reserve		518,727	518,727
Retained earnings		5,053,884	7,433,052
Total Quota Holder Equity		**10,226,801**	**12,605,969**
Liabilities			
Non-Current Liabilities			
Deferred Revenue		812,225	-
Total Non-Current Liabilities		**812,225**	**-**
Current Liabilities			
Accounts Payable		8,967,556	1,091,909
Due to related parties	8	82,902,921	29,544,488
Income taxes payable	6	2,248,394	1,110,070
Accrued expenses and other payables	12	20,991,723	12,967,494
Total current liabilities		**115,110,594**	**44,713,961**
Total Liabilities		**115,922,819**	**44,713,961**
Total Liabilities and Quota Holder Equity		**126,149,620**	**57,319,930**

Auditor’s report attached

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Raghu Raman Lakshmanan
General Manager

The accompanying notes from (1) to (21) are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2023

	Note	Year ended 31/3/2023 EGP	Year ended 31/3/2022 EGP
Revenues	13	127,748,959	53,152,878
Cost of Revenues		(109,331,855)	(30,191,549)
Gross Profit		**18,417,104**	**22,961,329**
General and administrative expenses	14	(8,056,507)	(18,135,047)
Impairment loss on trade receivables		(610,069)	(582,697)
Reverse of impairment on trade receivables		519,490	-
Depreciation on fixed assets	5	(555,815)	(281,378)
Amortization of customer List	4	(97,528)	(200,483)
		(8,800,429)	**(19,199,605)**
Net Operating Profit		**9,616,675**	**3,761,724**
Finance income		5,254,052	926,835
Finance costs		(15,743,217)	(1,282,977)
Net finance costs/Income	15	**(10,489,165)**	**(356,142)**
Net Profit for the year before tax		**(872,490)**	**3,405,582**
Current income taxes	6	(3,215,043)	(1,107,841)
Deferred income taxes	6	1,708,365	244,970
Profit for the year		**(2,379,168)**	**2,542,711**
Earnings per Share	16	**(5.11)**	**5.46**

Raghu Raman Lakshmanan
General Manager

The accompanying notes from (1) to (21) are an integral part of these financial statements.

HCL TECHNOLOGIES EGYPT LTD (L.L.C)

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Year ended 31/3/2023 EGP	Year ended 31/3/2022 EGP
Net Profit for the year	(2,379,168)	2,542,711
Other comprehensive income	-	-
Total Comprehensive income	**(2,379,168)**	**2,542,711**

The accompanying notes from (1) to (21) 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 2023

	Paid up capital EGP	Legal reserve EGP	Retained earnings EGP	Total EGP
Balance as of 31 March 2021	4,654,190	391,591	5,017,477	10,063,258
Comprehensive Income				
Net Profits for the year	-	-	2,542,711	2,542,711
Other comprehensive income	-	-	-	-
Total Comprehensive Income	-	-	2,542,711	2,542,711
Transferred to legal reserve	-	127,136	(127,136)	-
Balance as of 31 March 2022	4,654,190	518,727	7,433,052	12,605,969
Comprehensive Income				
Net Profits for the year	-	-	(2,379,168)	(2,379,168)
Other comprehensive income	-	-	-	-
Total Comprehensive Income	-	-	(2,379,168)	(2,379,168)
Transferred to legal reserve	-	-	-	-
Balance as of 31 March 2023	**4,654,190**	**518,727**	**5,053,884**	**10,226,801**

The accompanying notes from (1) to (21) 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 2023

	Note	Year Ended 31/3/2023 EGP	Year Ended 31/3/2022 EGP
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit for the year before tax		(872,490)	3,405,583
Adjustments			
Amortization of customer list	4	97,528	200,483
Impairment Loss on trade receivables		610,069	
Reverse of Impairment on trade receivables		(519,490)	
Depreciation for Fixed Assets	5	555,815	281,379
		(128,568)	**3,887,445**
Change in			
Account receivable		(33,991,468)	12,583,324
Due from related parties		(16,132,789)	(647,792)
Other receivables		6,229,872	(11,605,003)
Deferred revenue		812,226	(40,254)
Accounts Payable		7,875,647	326,508
Due to related parties		53,358,433	8,804,131
Provision reversal for WHT from customers		(1,536,319)	-
Accrued expenses and other payables		8,024,231	6,839,202
Cash provided from operating activities		**24,511,265**	**20,147,561**
Income taxes paid		(540,400)	(29,116)
Net cash flows from operating activities		**23,970,865**	**20,118,445**
CASH FLOW FROM INVESTMENT ACTIVITIES			
Payments for purchasing Fixed Assets		(1,928,862)	(492,455)
Net Cash (used in) investing activities		**(1,928,862)**	**(492,455)**
Cash flows from financing activities			
Finance lease		1,030,867	1,027,368
Net cash flows from (used in) financing activities		**1,030,867**	**1,027,368**
Net change in cash and cash equivalent during the year		**23,072,870**	**20,653,358**
Cash and cash equivalents balance at the beginning of the year		**31,589,643**	**10,936,285**
Cash and cash equivalents balance at the end of the year	10	**54,662,513**	**31,589,643**

The accompanying notes from (1) to (21) are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2023

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 31 July, 2023.

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.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

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.

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.

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

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

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 SUMMARY OF 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 SIGNIFICANT ACCOUNTING POLICIES - *Continued*

2-3-6 Legal reserve

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.

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.

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

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

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.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

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

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

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

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:

- 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

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).

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 it’s 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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

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.

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:

	Estimated useful life
Computers	3 Years
Laptop	1 Year

NOTES TO THE FINANCIAL STATEMENTS
31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

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.

4. INTANGIBLE ASSETS

	31/3/2023 EGP	31/3/2022 EGP
Goodwill	439,125	439,125
Customer list	429,382	526,910
	868,507	966,035

A) Goodwill:

	31/3/2023 EGP	31/3/2022 EGP
Goodwill at date of acquisition	439,125	439,125
	439,125	439,125

B) Customer List:

	31/3/2023 EGP	31/3/2022 EGP
Customer List Cost	881,689	881,689
Accumulated amortization	(452,307)	(354,779)
	429,382	526,910

NOTES TO THE FINANCIAL STATEMENTS
31 March 2023

5. PROPERTY, PLANT AND EQUIPMENT

31/3/2023	**Computer EGP**	**Laptop EGP**	**Total EGP**
Cost:			
At 1 April 2023	1,058,275	123,935	1,182,210
Additions during the year	-	1,928,862	1,928,862
At 31 March 2023	1,058,275	2,052,797	3,111,072
Accumulated Depreciation:			
At 1 April 2022	303,850	26,743	330,593
Depreciation for the year	260,403	295,413	555,816
At 31 March 2023	564,253	322,156	886,409
Net book value:			
At 31 March 2023	494,022	1,730,641	2,224,663

31/3/2022	**Computer EGP**	**Laptop EGP**	**Total EGP**
Cost:			
At 1 April 2021	675,820	13,935	689,755
Additions during the year	382,455	110,000	492,455
At 31 March 2022	1,058,275	123,935	1,182,210
Accumulated Depreciation:			
At 1 April 2021	43,448	5,767	49,215
Depreciation for the year	260,402	20,976	281,378
At 31 March 2022	303,850	26,743	330,593
Net book value:			
At 31 March 2022	754,425	97,192	851,617

6. INCOME TAXES

	31/3/2023 EGP	**31/3/2022 EGP**
Statement of Profit or Loss		
Current income Tax	3,215,043	1,107,841
Deferred income Tax	(1,708,365)	(244,970)
Income tax expense	1,506,678	862,871
Statement of financial position		
Income taxes payable	(2,248,394)	(1,110,070)
Tax authority – withholding tax	80,643	1,162,606
Net income tax receivable / (payable)	**(2,167,751)**	**52,536**

withholding tax - Tax authority are presented in (Note 9).

NOTES TO THE FINANCIAL STATEMENTS
31 March 2023

6. INCOME TAXES - ***Continued***

DEFERRED INCOME TAXES

	Statement of financial position		Statement of profit or loss	
	2023 EGP	**2022 EGP**	**2023 EGP**	**2022 EGP**
Unrealized foreign exchange differences	2,179,682	150,438	2,029,244	297,833
Gaap Adjustment	(194,465)	18,400	(212,865)	18,400
Amortization of Tangibles	(236,452)	(136,212)	(100,240)	(69,688)
Amortization of Intangibles	(24,411)	(16,637)	(7,774)	(1,575)
Net deferred income tax	**1,724,354**	**15,989**	**1,708,365**	**244,970**

RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE

		31/3/2023 EGP		31/3/2022 EGP
Net profit of the year		(2,059,796)		2,542,711
Income tax according to income statement		1,506,678		862,871
Net profit before tax		(553,118)		3,405,582
Income tax using legal tax rate	22.50%	70,013	22.5%	707,771
Non-deductible expenses		285,136		23,993
Adjustment in respect of prior years		30,829		-
Unrecognized deferred tax assets for provisions		20,380		131,107
WHT Written off		1,100,318		-
Income tax	484.20%	1,506,678	27.43%	862,871

7. ACCOUNTS RECEIVABLES

	31/3/2023 EGP	31/3/2022 EGP
Accounts Receivable	38,921,942	2,735,235
Allowance for Doubtful account.	(1,617,766)	(1,007,697)
Sundry Debtors- POD/EITF	(1,630,407)	-
	35,673,769	**1,727,538**

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

	31/3/2023 EGP	31/3/2022 EGP
Beginning Balance	1,007,697	463,657
Charged during the year	610,069	544,040
Ending Balance	**1,617,766**	**1,007,697**

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	31/3/2023 EGP	31/3/2022 EGP
HCL Finland	Consultancy fees (expense)	258,266	-
HCL Finland	Services rendered (revenue)	(27,001)	(34,893)
HCL Axon Technologies (Shanghai) Co. Ltd	Consultancy fees (expense)	307,200	-
HCL Technologies UK Limited	Consultancy fees (expense)	295,879	344,976
HCL Technologies UK Limited	Services rendered (revenue)	-	(2,800,071)
HCL Technologies Limited	Services rendered (revenue)	(3,920,128)	(156,590)
HCL Technologies Limited	Consultancy fees (expense)	8,186,821	7,394,814
HCL Tech Ltd - IOMC	Services rendered (revenue)	(932,873)	(603,945)
HCL Great Britain Ltd.	Consultancy fees (expense)	-	50,012
HCL Technologies (PTY) Ltd. (Fy HCL Axon PTY Ltd.)	Consultancy fees (expense)	242,401	146,813
HCL Technologies (PTY) Ltd. (Fy HCL Axon PTY Ltd.)	Services rendered (revenue)	(37,801)	(114,109)
HCL Technologies Sweden AB	Consultancy fees (expense)	502,522	38,358
HCL Indonesia	Services rendered (revenue)	-	(70,198)
HCL Indonesia	Consultancy fees (expense)	-	13,391
HCL Guatemala, Sociedad Anónima	Services rendered (revenue)	(72,970)	-
HCL Brazil Tecnologia da Informação EIRELI	Services rendered (revenue)	(320,166)	-
HCL Brazil Tecnologia da Informação EIRELI	Consultancy fees (expense)	210,804	230,570
HCL AMERICA INC.	Consultancy fees (expense)	266,649	92,715
HCL AMERICA INC.	Services rendered (revenue)	-	(173,452)
HCL AXON Malaysia SDN BHD	Consultancy fees (expense)	2,094,933	23,152
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
HCL Technologies Denmark ApS	Consultancy fees (expense)	121,072	124,897
HCL Technologies Denmark ApS	Services rendered (revenue)	(120,321)	(9,622)
HCL Technologies Ltd Madurai	Consultancy fees (expense)	1,291,962	363,013
HCL Technologies Ltd Madurai	Services rendered (revenue)	(41,190)	(10,296)
HCL Technologies Middle EAST FZ LLC	Consultancy fees (expense)	531,758	12,384
HCL Technologies Norway AS	Consultancy fees (expense)	205,036	-
HCL Latin America Holding, LLC, Costa Rica	Consultancy fees (expense)	1,733,205	1,339,633
HCL Latin America Holding, LLC, Costa Rica	Services rendered (revenue)	(356,664)	(401,126)
HCL Canada INC. SD	Consultancy fees (expense)	4,226,292	1,590,708
HCL Canada INC. SD	Services rendered (revenue)	(42,603)	-
HCL Hong Kong SAR ltd	Services rendered (revenue)	(116,099)	(179,716)
HCL Hong Kong SAR ltd	Consultancy fees (expense)	55,473	13,902
HCL Technologies Corporate Ser Ltd	Services rendered (revenue)	(15,453,922)	(10,587,504)
HCL Technologies Philippines Inc.	Consultancy fees (expense)	21,243	208,609
HCL Technology Germany GMBH	Consultancy fees (expense)	4,778,407	-
HCL Technology Germany GMBH	Services rendered (revenue)	(3,592,137)	(1,312,638)
HCL Australia SERVICES PTY LTD	Consultancy fees (expense)	-	102,081

NOTES TO THE FINANCIAL STATEMENTS
31 March 2023

8. RELATED PARTIES – *Continued*

Related parties	Nature of the transactions	31/3/2023 EGP	31/3/2022 EGP
HCL South Africa	Consultancy fees (expense)	109,392	-
HCL Technologies Limited Nagpur	Consultancy fees (expense)	436,201	55,920
HCL Technologies Limited Nagpur	Services rendered (revenue)	(45,150)	(31,307)
HCL Technologies Ltd Lucknow	Consultancy fees (expense)	52,400	13,449
HCL Technologies Ltd Lucknow	Services rendered (revenue)	(167,320)	-
HCL Technologies Belgium BVBA	Consultancy fees (expense)	120,093	-
HCL TECNOLOGIA LIMITED ISRAEL	Services rendered (revenue)	-	(28,021)
HCL Technologies Limited, Vijayawada	Consultancy fees (expense)	199,029	110,470
HCL Arabia LLC - Saudi Arabia	Consultancy fees (expense)	57,871	-
HCL Arabia LLC - Saudi Arabia	Services rendered (revenue)	(4,034,963)	(555,723)
HCL ARGENTINA S.A	Consultancy fees (expense)	-	17,752
HCL ARGENTINA S.A	Services rendered (revenue)	(373,249)	(198,467)
HCL Asia Pacific Pte. Ltd., Korea	Consultancy fees (expense)	-	-
HCL Asia Pacific Pte. Ltd., Korea	Services rendered (revenue)	(183,089)	(30,552)
Hcl Istanbul Bilisim Teknolojileri Ltd. Sti.	Consultancy fees (expense)	350,252	-
Hcl Istanbul Bilisim Teknolojileri Ltd. Sti.	Services rendered (revenue)	-	(39,207)
HCL Japan Limited	Consultancy fees (expense)	-	-
HCL Japan Limited	Services rendered (revenue)	-	(666,005)
HCL Latin America Holding, LLC, Panama	Consultancy fees (expense)	-	-
HCL Latin America Holding, LLC, Panama	Services rendered (revenue)	(16,538)	(148,565)
HCL TECH Ltd BPO SERVICEs - India	Consultancy fees (expense)	23,464,037	9,939
HCL TECH Ltd BPO SERVICEs - India	Services rendered (revenue)	-	(2,005,488)
HCL TECHNOLOGIES AUSTRIA GMBH	Consultancy fees (expense)	17,715	-
HCL TECHNOLOGIES AUSTRIA GMBH	Services rendered (revenue)	(714,374)	(66,329)
HCL Technologies Columbia S.A.S	Consultancy fees (expense)	726,562	-
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)	327,763	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)	65,774	84,518
HCL TECHNOLOGY Ltd UAE	Services rendered (revenue)	-	(9,513)
HCL TECHNOLOGY NEW ZEALAND	Services rendered (revenue)	(26,767)	(17,589)
HCLTechnologies Chile SPA	Consultancy fees (expense)	15,083	18,072
HCLTechnologies Chile SPA	Services rendered (revenue)	-	(23,751)
Telerx Marketing Inc USA	Consultancy fees (expense)	181,947	-
Telerx 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)	21,783	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)	90,982	11,582
HCL Technologies Vietnam Company Limited	Services rendered (revenue)	(58,819)	-
HCLTechnologies Lanka (Private) Limited	Consultancy fees (expense)	488,416	1,049,608
HCL Singapore PTE LIMITED	Consultancy fees (expense)	1,260,542	-
HCL Singapore PTE LIMITED	Services rendered (revenue)	(237,372)	-
HCL Technologies Limited - Russia Branch	Consultancy fees (expense)	67,217	-
HCL Technologies Ltd. Sucursal EM Portugal	Consultancy fees (expense)	543,970	-
HCL Technologies Morocco	Consultancy fees (expense)	53,047	-
HCL Technologies Romania S.R.L.	Consultancy fees (expense)	15,010	-

NOTES TO THE FINANCIAL STATEMENTS
31 March 2023

8. RELATED PARTIES – *Continued*

Related parties	Nature of the transactions	31/3/2023 EGP	31/3/2022 EGP
C3i Services &Technologies (Dalian) Co.,	Consultancy fees (expense)	43,319	-
HCL Technologies Angola	Services rendered (revenue)	(10,339,362)	-
HCL Technologies LiMITED, Swiss	Services rendered (revenue)	(313,986)	-
HCL Technologies Taiwan Limited	Services rendered (revenue)	(376,166)	-

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

	31/3/2023		31/3/2022	
	Due from EGP	Due to EGP	Due from EGP	Due to EGP
HCL Axon Technologies (Shanghai)7260	569,771	-	337,373	24,046
HCL Axon Technologies (Shanghai) Co. Ltd 7190	-	2,270,991	-	1,453,117
HCL Technologies UK Limited	-	481,513	-	391,266
HCL Technologies Limited	-	19,438,985	2,117,458	20,751,091
HCL Tech Ltd - IOMC	346,626	-	180,040	-
HCL Technologies Germany GmbH	-	7,432,659	786,766	-
HCL Technologies Sweden AB	-	-	-	-
HCL AMERICA INC.	-	436,680	8,353	46,050
HCL Latin America Holding, LLC, Costa Rica	-	2,591,648	401,126	1,464,177
HCL POLAND SP.Z O.O.	-	-	107,834	-
HCL Technologies B.V.	-	-	-	10,325
HCL Technologies Denmark ApS	-	926	9,622	142,199
HCL Technologies Limited Ireland	-	-	-	113,793
HCL Technologies Ltd Madurai	-	338,342	-	9,653
HCL Arabia LLC	-	-	-	-
HCL Brazil Tecnologia da Informação EIRELI	-	4,586,975	-	2,957,887
HCL Info Tech (Shanghai)	-	177,785	256,522	-
HCL Indonesia	70,198	-	70,198	13,391
HCL AXON Malaysia SDN BHD	-	3,435,463	-	23,152
HCL AUSTRALIA	-	-	-	-
HCL Technologies S.A. Venezuela	-	3,245	-	10,767
HCL TECNOLOGIA LIMITED ISRAEL	28,021	-	28,021	-
HCL TECHNOLOGIES CORPORATE SER	6,498,635	-	1,461,444	-
HCL Finland Oy	-	449,678	7,448	-
HCL Technologies Ltd Lucknow	144,214	-	-	13,449
HCL Technologies Limited, Vijayawada	-	134,927	-	41,516
HCL Hong kong SAR	-	30,026	-	13,902
HCL ARGENTINA S.A	571,715	-	198,467	19,119
HCL Asia Pacific Pte. Ltd., Korea Branch	-	-	30,552	-
HCL Japan Limited	-	-	666,005	-
HCL Latin America Holding, LLC, Panama	165,103	-	148,565	-
HCL Saudi Arabia LLC	4,292,878	-	405,460	-
HCL Technologies (PTY) Ltd. (Fy HCL Axon PTY Ltd.)	-	270,524	114,109	-
HCL Technologies Columbia S.A.S	-	601,332	125,230	-

NOTES TO THE FINANCIAL STATEMENTS
31 March 2023

8. RELATED PARTIES – *Continued*

	31/3/2023		31/3/2022	
	Due from EGP	Due to EGP	Due from EGP	Due to EGP
HCL Technologies Limited NAGPUR	-	329,230	31,307	-
Telerx Marketing Inc	-	487,044	71,673	-
Hcl Istanbul Bilisim Teknolojileri Ltd. Sti.	-	425,359	39,207	-
HCL Technologies Beijing Co., Ltd	-	1,735,575	-	1,110,525
HCL Technologies Mexico	-	503,648	-	14,599
HCL Technologies Middle East	-	65,938	-	64,699
HCL Technologies Middle East FZ LLC Dubai	-	-	-	12,437
HCL Technologies Vietnam Company Limited	58,819	-	-	11,582
HCLTechnologies Chile SPA	-	29,024	-	22,656
HCL Technologies Lanka (PRIVATE) LIMITED	-	150,969	-	674,183
HCL Technologies Philippines	-	21,347	-	124,967
HCL TECH Ltd BPO SERVICES	-	23,405,664	-	9,939
C3i Services &Technologies (Dalian) Co.,	-	69,557	-	-
HCL Australia Services PTY. Limited	201,091	-	-	-
HCL Axon Tech.(Shanghai)	-	34,913	-	-
HCL CANADA INC (Fy HCL Axon Technologies Inc.)	-	5,728,733	-	-
HCL Singapore PTE LIMITED	-	2,149,773	-	-
HCL South Africa	-	114,152	-	-
HCL Tech Norway AS	-	206,238	-	-
HCL Tech. Belgium BVBA	-	202,160	-	-
HCL Technologies Costa Rica	-	2,049,260	-	-
HCL Technologies Ltd. Sucursal EM Portugal	-	948,640	-	-
HCL Technologies Middle EAST FZ LLC	-	690,664	-	-
HCL Technologies Sweden AB	-	635,706	-	-
HCL Vietnam Company Limited	-	90,970	-	-
HCL Technologies Romania S.R.L.	-	26,394	-	-
HCL Guatemala, Sociedad Anónima	72,970	-	-	-
HCL Technologies Angola	10,339,362	-	-	-
HCL Technologies Taiwan Limited	376,166	-	-	-
HCL Technologies Morocco	-	53,047	-	-
HCL Technologies Limited - Russia	-	67,217	-	-
	23,735,569	**82,902,921**	**7,602,780**	**29,544,488**

9. OTHER RECEIVABLES

	31/3/2023 EGP	31/3/2022 EGP
Deposit - Financial Asset	57,592	4,603
Accrued Revenue	3,658,374	10,291,270
Advances to Suppliers	838,619	24,080
Withholding taxes – tax authorities	80,643	1,162,606
Deferred Cost	10,900	16,230
Other Receivables	34,057	128,394
Prepaid Expenses	1,258,403	583,814
Value added taxes - Tax authority	-	38,107
	5,938,588	**12,249,104**

NOTES TO THE FINANCIAL STATEMENTS
31 March 2023

10. CASH AND CASH EQUIVALENTS

	31/3/2023 EGP	31/3/2022 EGP
Cash at Banks EGP	47,454,506	27,117,251
Cash at Banks USD	7,208,007	4,472,392
	54,662,513	**31,589,643**

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:

	%	Number of quotas	Amount L.E.
HCL Technologies UK Limited	99.99998	465,418	**4,654,180**
HCL EAS Limited	0.000023	1	**10**
	100	**465,419**	**4,654,190**

12. ACCRUED EXPENSES AND OTHER PAYABLES

	31/3/2023 EGP	31/3/2022 EGP
Accrued expenses	6,877,786	8,354,929
Deferred revenue	1,442,703	1,189,637
Tax authority- value added taxes	1,085,613	-
Tax authority – withholding taxes	5,986,319	478,481
salaries and wages and employee benefits	3,711,910	1,175,038
Social Contributions	-	62,359
Advances From Customers	1,887,392	1,707,050
	20,991,723	**12,967,494**

13. REVENUE

	31/3/2023 EGP	31/3/2022 EGP
Sale of services	127,748,959	53,152,878
	127,748,959	**53,152,878**

Contract type	**31/3/2023 EGP**	**31/3/2022 EGP**
Fixed price	127,748,959	53,152,878
	127,748,959	**53,152,878**

NOTES TO THE FINANCIAL STATEMENTS
31 March 2023

14. GENERAL AND ADMINISTRATIVE EXPENSES

	31/3/2023 EGP	31/3/2022 EGP
Legal Expenses	706,257	352,584
Professional fees	1,426,142	2,269,427
Bank charges	106,040	94,021
Telephone And Telex & IT Expense	1,199,878	158,425
Medical Insurance expense	-	583,814
Rent Office Premises	466,444	94,251
Other expense	1,263,241	14,856
salaries and wages and employee benefits	-	7,283,090
Casual Technical staff services	1,359,115	7,239,075
Marketing Expenses	-	45,504
Taxis & Travel	20,350	-
Courier Charges	793,036	-
Rates & Taxes	716,001	-
	8,056,507	**18,135,047**

15. FINANCE INCOME (COSTS)

	31/3/2023 EGP	31/3/2022 EGP
Foreign exchange Loss	(15,743,217)	(1,282,977)
Foreign exchange Gain	5,218,752	890,726
Interest cost on deferred consideration	-	-
Interest On Short Term Loan – related party	-	-
Interest income on customer Finance lease	35,300	36,110
	(10,489,165)	**(356,141)**

16. EARNING PER SHARE

	31/3/2023 EGP	31/3/2022 EGP
Profit for the year	(2,379,168)	2,542,711
Weighted average numbers of shares outstanding during the year	465,419	465,419
Earnings per share	**(5.11)**	**5.46**

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.

17. TAX SITUATION - *Continued*

- ***Withholding Tax***

  No tax inspection took place from inception up to 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' 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.

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

Foreign currencies exchange rates risk

Exchange rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in exchange rates, which will affect the Company's income. The objective of exchange rate risk management is to manage and control exchange rate risk exposures within acceptable parameters, while optimizing the return. Financial instruments affected by exchange rate risk include cash and cash equivalents, Debtor balances, other financial assets, trade and other payables and other financial liabilities.

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.

Financial liabilities

	Less than 3 Months EGP	**More than 3 months EGP**	**Total EGP**
As at 31 March 2023			
Due to related parties	43,314,256	43,534,569	86,848,853
Accrued expense and payables	23,078,500	-	23,078,500
Total undiscounted financial liabilities	**66,392,756**	**43,534,569**	**110,199,612**
As at 31 March 2022			
Due to related parties	2,963,170	26,581,318	29,544,488
Accrued expense and payables	12,967,494	-	12,967,494
Total undiscounted financial liabilities	**15,930,664**	**26,561,726**	**42,492,390**

STATEMENT OF FINANCIAL POSITION
At 31 March 2023

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.

20. SIGNIFICANT CURRENT EVENTS

The slowdown of many of the economies of the major countries in the past period has led to a combination of high global prices for basic commodities, disruption of supply chains and increase in shipping costs, in addition to the fluctuations of financial markets in emerging countries, where global inflationary pressures began again that affected the economies of many countries, including Egypt economy, due to the developments of the conflict between Russia and Ukraine, which resulted in a decrease in foreign exchange flows from tourism as well as from foreign direct investment, which resulted in an increase in exchange rates or a decrease in the Egyptian pound against the US dollar, and this resulted in a decrease in the value of the Egyptian pound against the US dollar that resulted in decrease in Egyptian pound against the US dollar during this period with a percentage more than (18%). This increase in international prices as well as the depreciation of the Egyptian pound against the US dollar put additional pressure on the local currency (the Egyptian pound) and the interest rate on the Egyptian pound in light of the decisions of the Policy Committee of the Central Bank of Egypt on March 21, and October 27, 2022.

21. NEW EDITIONS AND AMENDMENTS TO EGYPTIAN ACCOUNTING STANDARDS

On March 6, 2023, the Prime Minister's Decree No. (883) of 2023 was issued amending some provisions of the Egyptian Accounting Standards, the following is a summary of the most significant amendments:

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
Egyptian Accounting Standard No. (10) amended 2023 "Fixed Assets " and Egyptian Accounting Standard No. (23) amended 2023 "Intangible Assets".	1- These standards were reissued in 2023, allowing the use of revaluation model when subsequent measurement of fixed assets and intangible assets. - This resulted in amendment of the paragraphs related to the use of the revaluation model option in some of the applicable Egyptian Accounting Standards, which are as follows: − Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors".	Management is currently studying the possibility of changing the applied accounting policy and using the revaluation model option stated in those standards and assessing the potential impact on the financial statements in case of using this option.	The amendments of adding the option to use the revaluation model are effective for financial periods starting **on or after January 1, 2023, retrospectively**, cumulative impact of the preliminary applying of the revaluation model shall be **added to the revaluation surplus account in equity, at the beginning of the financial period in which the company applies this model for the first time**.

21. NEW EDITIONS AND AMENDMENTS TO EGYPTIAN ACCOUNTING STANDARDS - *Continued*

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
	− Egyptian Accounting Standard No. (24) "Income Taxes" − Egyptian Accounting Standard No. (30) "Interim Financial Reporting" − Egyptian Accounting Standard No. (31) "Impairment of Assets" − Egyptian Accounting Standard No. (49) "Leasing Contracts" 2- In accordance with the amendments made to the Egyptian Accounting Standard No. (35) amended 2023 "Agriculture", paragraphs (3), (6) and (37) of Egyptian Accounting Standard No. (10) "Fixed assets " have been amended, and paragraphs 22(a), 80(c) and 80(d) have been added to the same standard, in relation to agricultural produce harvested. − The Company is not required to disclose the quantitative information required under paragraph 28(f) of Egyptian Accounting Standard No. (5) for the current period, which is the period of the financial statements in which the Egyptian Accounting Standard No. (35) amended 2023 and Egyptian Accounting Standard No. (10) amended 2023 are applied for the first time in relation to agricultural produce harvested. However, the	Management is currently assessing the potential impact on the financial statements from the application of amendments to the standard.	These amendments are effective for annual financial periods starting **on or after January 1, 2023, retrospectively**, cumulative impact of the preliminary applying of the accounting treatment for agricultural produce harvested shall be **added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this treatment for the first time**.

21. NEW EDITIONS AND AMENDMENTS TO EGYPTIAN ACCOUNTING STANDARDS - *Continued*

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
	quantitative information required under paragraph 28(f) of Egyptian Accounting Standard No. (5) should be disclosed for each comparative period presented. − The company may elect to measure an agricultural produce harvested item at its fair value at the beginning of the earliest period presented in the financial statements for the period in which the company have been applied the above-mentioned amendments for the first time and to use that fair value as its deemed cost on that date. Any difference between the previous carrying amount and the fair value in the opening balance should be recognized by adding it to the revaluation surplus account in equity at the beginning of the earliest period presented.		
Egyptian Accounting Standard No. (34) amended 2023 "Investment property ".	1- This standard was reissued in 2023, allowing the use fair value model when subsequent measurement of investment property. 2- This resulted in amendment of some paragraphs related to the use of the fair value model option in some of the applicable Egyptian Accounting Standards, which are as follows: − Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" − Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors". − Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates" − Egyptian Accounting Standard No. (24) "Income Taxes"	Management is currently studying the possibility of changing the applied accounting policy and using the fair value model option stated in the standard and assessing the potential impact on the financial statements in case of using this option.	The amendments of adding the option to use the fair value model are effective for financial periods starting **on or after January 1, 2023 retrospectively,** cumulative impact of the preliminary applying of the fair value model shall be **added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this model for the first time.**

21. NEW EDITIONS AND AMENDMENTS TO EGYPTIAN ACCOUNTING STANDARDS - *Continued*

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
	− Egyptian Accounting Standard No. (30) "Interim Financial Reporting " − Egyptian Accounting Standard No. (31) "Impairment of Assets" − Egyptian Accounting Standard No. (32) "Non-Current Assets Held for Sale and Discontinued Operations" − Egyptian Accounting Standard No. (49) "Leasing Contracts"		
Egyptian Accounting Standard No. (36) amended 2023 "Exploration for and Evaluation of Mineral Resources"	1- This standard was reissued in 2023, allowing the use of revaluation model when subsequent measurement of exploration and valuation assets. 2- The company applies either the cost model or the revaluation model for exploration and valuation assets, the evaluation should carried out by experts specialized in valuation and registered in a register maintained for this purpose at the Ministry of Petroleum, and in the case of applying the revaluation model (whether the model stated in the Egyptian Accounting Standard (10) "Fixed Assets " or the model stated in Egyptian Accounting Standard (23) "Intangible Assets") should consistent with the classification of assets in accordance with paragraph No. (15) of Egyptian Accounting Standard No. (36) amended 2023.	Management is currently studying the possibility of changing the applied accounting policy and using the revaluation model option stated in the standard and assessing the potential impact on the financial statements in case of using this option.	The amendments of adding the option to use the revaluation model are effective for financial periods starting **on or after January 1, 2023, retrospectively**, cumulative impact of the preliminary applying of the revaluation model shall be **added to the revaluation surplus account in equity, at the beginning of the financial period in which the company applies this model for the first time.**
Egyptian Accounting Standard No. (35) amended 2023 "Agriculture".	This standard was reissued in 2023, where paragraphs (1-5), (8), (24), and (44) were amended and paragraphs (5a) - (5c) and (63) were added, with respect to the accounting treatment of agricultural produce harvested, (Egyptian Accounting Standard (10) "Fixed assets " was amended accordingly).	Management is currently assessing the potential impact on the financial statements from the application of amendments to the standard.	These amendments are effective for annual financial periods starting **on or after January 1, 2023 retrospectively**, cumulative impact of the preliminary applying of the accounting treatment for agricultural produce harvested shall be **added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this treatment for the first time.**

NOTES TO THE FINANCIAL STATEMENTS
31 March 2023

21. NEW EDITIONS AND AMENDMENTS TO EGYPTIAN ACCOUNTING STANDARDS - *Continued*

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
Egyptian Accounting Standard No. (50) “Insurance Contracts".	1- This standard determines the principles of recognition of insurance contracts falling within the scope of this standard, and determines their measurement, presentation, and disclosure. The objective of the standard is to ensure that the company provides appropriate information that truthfully reflects those contracts. This information provides users of the financial statements with the basis for assessing the impact of insurance contracts on the company’s financial position, financial performance, and cash flows. 2- Egyptian Accounting Standard No. (50) replaces and cancels Egyptian Accounting Standard No. 37 "Insurance Contracts". 3- Any reference to Egyptian Accounting Standard No. (37) in other Egyptian Accounting Standards to be replaced by Egyptian Accounting Standard No. (50). 4- The following Egyptian Accounting Standards have been amended to comply with the requirements of the application of Egyptian Accounting Standard No. (50) "Insurance Contracts", as follows: − Egyptian Accounting Standard No. (10) "Fixed Assets ". − Egyptian Accounting Standard No. (23) "Intangible Assets". − Egyptian Accounting Standard No. (34) " Investment property ".	Management is currently evaluating the potential impact on the financial statements from the application of the standard.	Egyptian Accounting Standard No. (50) is effective for annual financial periods starting **on or after July 1, 2024**, and if the Egyptian Accounting Standard No. (50) shall be applied for an earlier period, the company should disclose that fact.