HCL TECHNOLOGIES EGYPT LTD (L.L.C)

FINANCIAL STATEMENTS
TOGETHER WITH AUDITOR’S REPORT

FOR THE YEAR ENDED
31 MARCH 2021

Translation of Financial Statements Originally issued in Arabic

FINANCIAL STATEMENTS
For the year ended 31 March 2021

Contents

KPMG

Hazem Hassan
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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 2021, 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 2021, 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.

Hossam El Kousy

KPMG Hazem Hassan

Public Accountants & Consultants

Cairo, 5 August 2021

KPMG Hazem Hassan
Public Accountants and Consultants
(14)

STATEMENT OF FINANCIAL POSITION
As of 31 March 2021

	Note	31 March 2021 EGP	31 March 2020 EGP
Assets			
Non-Current assets			
Intangible Assets			
Good will	4	439,125	439,125
Customer List	4	727,393	814,650
Tangible Assets			
Property, plant and equipment “net"	5	640,540	-
Other Non-Current assets			
Deferred tax assets	6	-	400,618
Finance lease receivables		2,293,106	-
Total non-Current Asset		**4,100,164**	**1,654,393**
Current Assets			
Account receivable	7	14,310,861	11,267,571
Due from related parties	8	6,954,988	2,530,370
Finance lease receivables		1,020,142	-
Other receivables	9	644,101	2,861,422
Cash and Cash equivalents	10	10,936,285	18,527,423
Total current assets		**33,866,377**	**35,186,786**
Total assets		**37,966,541**	**36,841,179**
Equity and Liabilities			
Quota Holder Equity			
Paid up capital	11	4,654,190	4,654,190
Legal reserve		391,591	223,783
Retained earnings		5,017,477	1,829,124
Total Quota Holder Equity		**10,063,258**	**6,707,097**
Liabilities			
Non-Current Liabilities			
Deferred Tax liabilities	6	228,981	-
Deferred Revenue		40,254	90,499
Total Non-Current Liabilities		**269,235**	**90,499**
Current Liabilities			
Accounts Payable		765,401	2,808,962
Due to related parties	8	20,740,357	22,393,390
Deferred consideration		-	628,594
Income taxes payable	6	-	1,525
Accrued expenses and other payables	12	6,128,290	4,211,112
Total current liabilities		**27,634,048**	**30,043,583**
Total Liabilities		**27,903,283**	**30,134,082**
Total Liabilities and Quota Holder Equity		**37,966,541**	**36,841,179**

Auditor’s report attached

L. R. Ra

Raghu Raman Lakshmanan
General Manager

The accompanying notes from (1) to (20) 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 2021

	Note	Year ended 31 March 2021 EGP	Year ended 31 March 2020 EGP
Revenues	13	42,871,729	25,143,884
Operating expenses		(36,977,991)	(21,449,718)
Gross Profit		**5,893,738**	**3,694,166**
General and administrative expenses	14	(1,474,475)	(1,331,875)
Reverse of impairment /(Impairment loss) on trade receivables		208,611	(332,226)
Depreciation on fixed assets	5	(49,215)	-
Amortization of customer List	4	(87,257)	(67,039)
		(1,402,336)	**(1,731,140)**
Net Operating Profit		**4,491,402**	**1,963,026**
Finance income		60,836	1,102,825
Finance costs		(222,690)	(12,391)
Net finance costs/Income	15	**(161,854)**	**1,090,434**
Net Profit for the year before tax		**4,329,548**	**3,053,460**
Current income taxes	6	(343,788)	(626,690)
Deferred income taxes	6	(629,599)	464,130
Profit for the year		**3,356,161**	**2,890,900**
Earnings per Share	16	**7.21**	**6.21**

L. Ry Ram

Raghu Raman Lakshmanan
General Manager

The accompanying notes from (1) to (20) 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 2021

	Year ended 31 March 2021 EGP	Year ended 31 March 2020 EGP
Net Profit for the year	3,356,161	2,890,900
Other comprehensive income	-	-
Total Comprehensive income	**3,356,161**	**2,890,900**

- The accompanying notes from (1) to (20) are an integral part of these financial statements

The accompanying notes from (1) to (20) 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 2021

	Paid up capital EGP	Legal reserve EGP	(Accumulated loss) /Retained earnings EGP	Total EGP
Balance as of 1 April 2019	4,654,190	79,238	(917,231)	3,816,197
Comprehensive Income				
Net Profits for the year	-	-	2,890,900	2,890,900
Other comprehensive income	-	-	-	-
Total Comprehensive Income	4,654,190	79,238	1,973,669	6,707,097
Transferred to legal reserve	-	144,545	(144,545)	-
Balance as of 31 March 2020	4,654,190	223,783	1,829,124	6,707,097
Comprehensive Income				
Net Profits for the year	-	-	3,356,161	3,356,161
Other comprehensive income	-	-	-	-
Total Comprehensive Income	-	-	3,356,161	3,356,161
Transferred to legal reserve	-	167,808	(167,808)	-
Balance as of 31 March 2021	4,654,190	391,591	5,017,477	10,063,258

The accompanying notes from (1) to (20) 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 2021

	Note	31 March 2021 EGP	31 March 2020 EGP
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit for the year before tax		4,329,548	3,053,460
Adjustments			
Impairment loss on trade receivables		-	332,226
Amortization of customer list	4	87,257	67,039
Interest expenses		-	12,391
Depreciation for Fixed Assets	5	49,215	-
		4,466,020	**3,465,116**
Change in			
Account receivable		(3,043,290)	(754,313)
Due from related parties		(4,424,618)	109,852
Other receivables		2,217,321	(3,054,615)
Deferred revenue		(50,245)	-
Accounts Payable		(2,043,561)	2,808,962
Due to related parties		(1,653,033)	7,486,995
Deferred consideration		(628,594)	-
Accrued expenses and other payables		1,917,178	1,853,705
Cash provided from (used in) operating activities		**(3,242,822)**	**11,915,702**
Income taxes paid		(345,313)	-
Net cash flows (Used in) operating activities		**(3,588,135)**	**11,915,702**
CASH FLOW FROM INVESTMENT ACTIVITIES			
Payments for purchasing customer list		-	(704,611)
Payments for purchasing Fixed Assets		(689,755)	-
Net Cash (used in) investing activities		**(689,755)**	**(704,611)**
Cash flows from financing activities			
Finance lease		(3,313,248)	-
Net cash (used in) financing activities		**(3,313,248)**	**-**
Net change in cash and cash equivalent during the year		**(7,591,138)**	**11,211,091**
Cash and cash equivalents balance at the beginning of the year		**18,527,423**	**7,316,332**
Cash and cash equivalents balance at the end of the year	10	**10,936,285**	**18,527,423**

The accompanying notes from (1) to (20) are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

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 05 August, 2021.

2 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 March 18, 2019, some Egyptian accounting standards were amended and new standards were issued under implementation. The Minister of Investment and International Cooperation Decision No. 69 of 2019 was issued regarding amending some provisions of the Egyptian Accounting Standards issued by the Minister of Investment's decree No. 110 of 2015 as follows:

First: The standards shall be replaced by numbers: (1) financial statements presentation, (4) cash flow statement, (25) financial instruments - presentation, (26) financial instruments - recognition and measurement, (34) real estate investment, and (38) Employee benefits, (40) financial instruments - disclosures, and (42) consolidated financial statements, from Egyptian Accounting Standards.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

2 SIGNIFICANT ACCOUNTING POLICIES - *Continued*

Second: The standards amend numbers: (15) disclosure of related parties, and (17) Separate financial statements. (18) investments in associate, (22) earnings per share, (24) income taxes, (29) business combinations, (30) periodical financial statements, (31) impairment of assets and (32) Non-current assets

Held for sale and discontinued operations, and (44) disclosure of interests in other entities, from the Egyptian Accounting Standards.

Third: Added to the Egyptian accounting standards referred to, new standards with numbers (47) financial instruments (48) revenue for contracts with customers and (49) lease contracts, as added Egyptian Accounting Interpretation No. 1 arrangements for public services concessions, to the same standards.

Fourth: The standards numbers (8) construction contracts, (11) revenue, and (20) accounting rules and standards related to financing lease operations shall be canceled from the Egyptian accounting standards issued by the Minister of Investment decree No. 110 of 2015.

Prime Minister decree No. 1871 of 2020 was issued on September 17, 2020 to postpone the application of amendments to the new Egyptian accounting standards, starting from January 1, 2021.

2-1 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;

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

2 SIGNIFICANT ACCOUNTING POLICIES - *Continued*

- 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

2 SIGNIFICANT ACCOUNTING POLICIES - *Continued*

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.

2-3-2 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 SIGNIFICANT ACCOUNTING POLICIES - *Continued*

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

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

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.

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 2021

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

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 2021

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 2021

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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

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:

	Estimated useful life
Computers	3 Years
Laptop	1 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 392,088 till 30 June 2019. EGP 652,146 is payable after one year as per agreement. These payables have been fair valued at EGP 628,594.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

4. INTANGIBLE ASSETS

	31 March 2021 EGP	31 March 2020 EGP
Goodwill	439,125	439,125
Customer list	727,393	814,650
	1,166,518	1,253,775

A) Goodwill:

	31 March 2021 EGP	31 March 2020 EGP
Goodwill at date of acquisition	439,12	439,125
	5	

B) Customer List:

	31 March 2021 EGP	31 March 2020 EGP
Customer List Cost	881,689	881,689
Accumulated amortization	(154,296)	(67,039)
	727,393	814,650

5. PROPERTY, PLANT AND EQUIPMENT

	Computer EGP	Laptop EGP	Total EGP
Opening acquisition cost as at 1, April,2020	-	-	-
New acquisition during the year	675,820	13,935	689,755
Closing acquisition cost (A) as at 31 March 2021	675,820	13,935	689,755
Opening accumulated depreciation as at 1 April 2020	-	-	-
Depreciation for the year	43,448	5,767	49,215
Closing accumulated depreciation (B)	43,448	5,767	49,215
Net Book Value as at 31 March 2021	632,372	8,168	640,540

6. INCOME TAXES

	31 March 2021 EGP	31 March 2020 EGP
Statement of Profit or Loss		
Current income Tax	343,788	626,690
Deferred income Tax	629,599	(464,130)
Income tax expense	973,387	162,560

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

6. INCOME TAXES - *Continued*

	31 March 2021 EGP	31 March 2020 EGP
Statement of financial position		
Income taxes payable	(319,507)	(1,008,452)
Tax authority – withholding tax	778,712	1,006,927
Net income tax receivable / (payable)	**459,205**	**(1,525)**

Income taxes payable and Tax authority- withholding tax as of 31 March 2021 are presented in Note No. 9.

DEFERRED INCOME TAXES

	Statement of financial position		Statement of profit or loss	
	2021 EGP	2020 EGP	2021 EGP	2020 EGP
Unrealized foreign exchange differences	(147,395)	407,823	(555,218)	(471,335)
Amortization of Tangibles	(66,524)	-	(66,524)	-
Amortization of Intangibles	(15,062)	(7,205)	(7,857)	7,205
Net deferred income tax	**(228,981)**	**400,618**	**(629,599)**	**(464,130)**

RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE

		31 March 2021 EGP		31 March 2020 EGP
Net profit of the year		3,356,161		2,890,900
Income tax according to income statement		973,387		162,560
Net profit before tax		4,329,548		3,053,460
Income tax using legal tax rate	22.5%	974,148	22.5%	687,028
Non deductible expenses		21,895		
Adjustment in respect of prior years		24,281	(19.6%)	(599,219)
Unrecognized deferred tax assets for provisions		(46,937)	2.45%	74,751
Income tax	20.44%	973,387	5.35%	162,560

7. ACCOUNTS RECEIVABLES

	31 March 2021 EGP	31 March 2020 EGP
Accounts Receivable	14,774,518	11,901,182
Allowance for Doubtful account.	(463,657)	(633,611)
	14,310,861	**11,267,571**

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

	31 March 2021 EGP	31 March 2020 EGP
Beginning Balance	633,611	301,385
Recovered / Charged during the year	(169,954)	332,226
Ending Balance	**463,657**	**633,611**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

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 31 March 2021 EGP	Year ended 31 March 2020 EGP
HCL Finland	Consultancy fees (expense)	1,168	-
HCL Axon Technologies Shanghai	Consultancy fees (expense)	-	176,425
HCL Technologies UK Limited	Consultancy fees (expense)	78,829	591,170
HCL Technologies UK Limited	Services rendered (revenue)	1,135,306	
HCL Technologies Limited	Services rendered (revenue)	-	654,706
HCL Technologies Limited	Consultancy fees (expense)	7,806,298	2,959,108
HCL Tech. Ltd., IOMC	Services rendered (revenue)	19,237	627,926
HCL Tech. Ltd., IOMC	Consultancy fees (expense)	94,085	1,582,933
HCL GREAT BRITAIN Ltd.	Consultancy fees (expense)	1,858,673	1,458,896
HCL Singapore PTE LIMITED	Consultancy fees (expense)	-	2,973,799
HCL Technologies Sweden AB	Consultancy fees (expense)	469,588	38,444
HCL Indonesia	Services rendered (revenue)	-	23,999
HCL Technologies (Shanghai)	Services rendered (revenue)	-	256,522
HCL Technologies (Shanghai)	Consultancy fees (expense)	799,967	84,556
HCL Brazil Tecnologia da Informação EIRELI	Services rendered (revenue)	-	870,658
HCL Brazil Tecnologia da Informação EIRELI	Consultancy fees (expense)	1,941,110	162,523
HCL AMERICA INC.	Consultancy fees (expense)	567,577	908,373
HCL AXON Malaysia SDN BHD	Consultancy fees (expense)	-	341,993
HCL POLAND SP.Z O.O.	Consultancy fees (expense)	4,714,643	46,087
HCL Technologies Limited Ireland	Consultancy fees (expense)	-	690,390
HCL Technologies B.V.	Consultancy fees (expense)	28,081	55,912
HCL Technologies Denmark ApS	Consultancy fees (expense)	-	226,980
HCL Technologies Ltd Madurai	Consultancy fees (expense)	650,976	1,369,396
HCL Technologies Middle EAST FZ LLC	Consultancy fees (expense)	29,794	12,768
HCL Technologies Norway AS	Consultancy fees (expense)	-	29,341
HCL Technologies S.A.	Consultancy fees (expense)	-	506,472
HCL Latin America Holding, LLC, Costa Rica	Consultancy fees (expense)	347,207	3,116,624
HCL Canada INC. SD	Consultancy fees (expense)	1,833,896	985,894
HCL Hong Kong SAR ltd	Services rendered (revenue)	179,715	-
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)	980,153	-
HCL Technologies Philippines Inc.	Consultancy fees (expense)	232,809	-
HCL GMBH	Consultancy fees (expense)	217,178	-
HCL Technology Germany GMBH	Consultancy fees (expense)	43,092	-
HCL Australia	Consultancy fees (expense)	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)	20,088	-
HCL Technologies Ltd Lucknow	Consultancy fees (expense)	2,416,289	-
HCL Technologies Belgium BVBA	Consultancy fees (expense)	945,752	-
HCL Technologies Limited Vijaywada	Consultancy fees (expense)	35,469	-
HCL TECNOLOGIA LIMITED ISRAEL	Consultancy fees (expense)	235,090	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

8. RELATED PARTIES - *Continued*

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

	31 March 2021		31 March 2020	
	Due from EGP	Due to EGP	Due from EGP	Due to EGP
HCL AXON TECH. INC - SD	-	-	-	955,015
HCL Axon Technologies Shanghai	290,312	-	291,148	175,216
HCL Technologies S.A.	-	-	-	507,645
HCL Technologies UK Limited	-	78,829	-	573,491
HCL Technologies Limited	4,275,294	16,119,858	460,879	4,038,267
HCL Tech. Ltd., IOMC	10,570	-	627,926	-
HCL GREAT BRITAIN Ltd.	-	40,618	-	1,395,735
HCL Technologies Germany	-	-	-	5,365,784
HCL SINGAPORE	-	-	-	2,861,609
HCL Technologies Sweden AB	-	469,588	-	35,406
HCL AMERICA INC.	-	1,157,022	-	889,913
HCL Latin America Holding, LLC, Costa R	-	-	-	3,066,211
HCL POLAND SP.Z O.O.	-	493,301	-	44,623
HCL Technologies B.V.	-	28,081	-	54,474
HCL Technologies Denmark ApS	-	-	-	228,653
HCL Technologies Limited Ireland	-	-	-	250,435
HCL Technologies Ltd Madurai	-	-	-	1,369,396
HCL Technologies Middle EAST FZ LLC	-	-	-	12,893
HCL Technologies Norway AS	-	-	-	28,409
HCL Brazil Tecnologia da Informação EIRELI	870,658	1,899,079	870,658	139,403
HCL Info Tech (Shanghai)	256,522	-	256,522	82,643
HCL Indonesia	4,634	-	23,237	-
HCL AXON Malaysia SDN BHD	-	-	-	318,169
HCL AUSTRALIA	-	26,031	-	-
HCL Technologies S.A. Venezuela	-	21,344	-	-
HCL TECNOLOGIA LIMITED ISRAEL	-	235,090	-	-
filial Espanola De HCL Technologies, S.L	257,299	-	-	-
HCL TECHNOLOGIES CORPORATE SER	809,984	-	-	-
HCL Finland	-	1,168	-	-
HCL Technologies Ltd Luck	-	134,879	-	-
HCL Technologies Limited, Vijayawada	-	35,469	-	-
HCL Honhkong SAR	179,715	-	-	-
	6,954,988	**20,740,357**	**2,530,370**	**22,393,390**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

9. OTHER RECEIVABLES

	31 March 2021 EGP	31 March 2020 EGP
Deposit - Financial Asset	4,603	4,603
Accrued Revenue	148,595	342,557
Advances to Suppliers	2,322	2,322
Withholding taxes – tax authorities	459,205	-
Deferred Cost	13,342	-
Other Receivables	12,391	2,507,882
Prepaid Expenses	3,643	4,058
	644,101	**2,861,422**

10. CASH AND CASH EQUIVALENTS

	31 March 2021 EGP	31 March 2020 EGP
Cash at Banks EGP	8,278,764	16,277,784
Cash at Banks USD	2,657,521	2,249,639
	10,936,285	**18,527,423**

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 March 2021 EGP	31 March 2020 EGP
Accrued expenses	1,071,329	2,408,535
Deferred revenue	4,395,957	1,150,900
Tax authority- value added taxes	584,452	296,548
Tax authority – withholding taxes	76,552	355,129
	6,128,290	**4,211,112**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

13. REVENUE

	31 March 2021 EGP	31 March 2020 EGP
Sale of services	35,345,586	23,023,744
Sale of hardware and software	7,526,143	2,120,140
	42,871,729	**25,143,884**

Contract type	**31 March 2021 EGP**	**31 March 2020 EGP**
Fixed price	42,871,729	23,023,744
Time and Material	-	2,120,140
	42,871,729	**25,143,884**

14. GENERAL AND ADMINISTRATIVE EXPENSES

	31 March 2021 EGP	31 March 2020 EGP
Legal Expenses	78,300	-
Professional fees	1,217,230	1,144,188
Bank charges	28,557	25,928
Rates & taxes	-	361
Health benefit	97,313	-
Rent Office Premises	49,193	51,555
Other expense	3,882	109,843
	1,474,475	**1,331,875**

15. FINANCE INCOME (COSTS)

	31 March 2021 EGP	31 March 2020 EGP
Foreign exchange differences	(216,416)	1,102,825
Interest cost on deferred consideration	(4,131)	(12,391)
Interest On Short Term Loan – related party	(2,143)	-
Interest income on customer Finance lease	60,836	-
	(161,854)	**1,090,434**

16. EARNING PER SHARE

	31 March 2021 EGP	31 March 2020 EGP
Profit for the year	3,356,161	2,890,900
Weighted average numbers of shares outstanding during the year	465,419	465,419
Earnings per share	**7.21**	**6.21**

17. TAX SITUATION

- ***Corporate Tax***

  No tax inspection took place from inception up to 31 March, 2021.

- ***Salary Tax***

  No tax inspection took place from inception up to 31 March, 2021.

- ***Withholding Tax***

  No tax inspection took place from inception up to 31 March, 2021.

- ***Stamp Tax***

  No tax inspection took place from inception up to 31 March, 2021.

- ***Value added Tax***

  No tax inspection took place from inception up to 31 March, 2021.

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.

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

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.

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 SGD 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.

	2021		**2020**	
	Change in Rate	**Effect on profit Before tax**	**Change in Rate**	**Effect on profit Before tax**
USD	+10%	(851,185)	+10%	(677,532)
USD	-10%	851,185	-10%	677,532
SGD	+10%	-	+10%	(286,161)
SGD	-10%	-	-10%	286,161

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

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

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	3 to 12 months EGP	Total EGP
As at 31 March 2021			
Due to related parties	-	20,740,358	20,740,358
Accrued expense and payables	6,128,290	-	6,128,290
Total undiscounted financial liabilities	**6,128,290**	**20,740,358**	**26,868,648**
As at 31 March 2020			
Due to related parties	-	22,393,390	22,393,390
Income taxes payable	-	1,008,452	1,008,452
Accrued expense and payables	4,211,112	-	4,211,112
Total undiscounted financial liabilities	**4,211,112**	**23,401,842**	**27,612,954**

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

20. SIGNIFICANT CURRENT EVENTS

Most of the world's countries, including Egypt were exposed during the first quarter of 2020 to the spread of Corona Pandemic (Covid-19) which has caused disturbance of most of commercial and economic activities in general. So it is probably effect on the predefined operational and marketing plans, future cash flow and its related assets and liabilities and business results in the interim financial statements during the upcoming period, and as mentioned above in the paragraph, the company taking several measures to face this risk and reducing its impact in the financial position and supporting its continuity, but in light of instability and uncertainty of current events, the size of the impact of this event depends basically on the time frame for continuation of those effects and company's ability to achieve its plans to face this risk, which is difficult in the current time.