HCL Muscat Technologies LLC

Financial statements

31 March 2021

Registered office:

PO Box 29
PC 135, KOM
Sultanate of Oman

Principal place of business:

PO Box 1,
PO 135, KOM
Sultanate of Oman

HCL MUSCAT TECHNOLOGIES LLC

Financial statements

Members' Report

The Members submit their report and the audited financial statements for the year ended 31 March 2021.

Principal activities

The principal activity of the Company is engaged in system analysis, retail, data preparation and is also engaged in sale of software.

Basis of preparation of accounts

The accompanying audited financial statements have been prepared in accordance with International Financial Reporting Standards, and the Commercial Companies Law of 2019.

Results and appropriation

The results of the Company for the year ended 31 March 2021 are set out on page 4 of the financial statements.

The Members' have not approved any dividend for the year ended 31 March 2021.

Auditors

The financial statements have been audited by KPMG who offer themselves for reappointment.

On behalf of the Members

Sundaram Sridharan
(Manager)

KPMG LLC
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4th Floor, Shatti Al Qurum
P O Box 641, PC 112
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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HCL MUSCAT TECHNOLOGIES LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HCL Muscat Technologies LLC ("the Company") set out on pages 4 to 28, which comprise the statement of financial position as at 31 March 2021, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Members' report set out on page 1.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Continued on page 3

Continued from page 2

Other Information *(continued)*

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the Commercial Companies Law of 2019, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Continued on page 3 (a)

Continued from page 2

Auditors' Responsibilities for the Audit of the Financial Statements *(continued)*

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

We report that these financial statements comply, in all material respects, with the applicable provisions of Commercial Companies Law of 2019.

KPMG

19 July 2021 *KPMG LLC*

KPMG
KPMG LLC
Children's Public Library Building
4th floor, Shatti Al Qurum
P O Box 641, PC 112
Sultanate of Oman
CR.No: 1358131

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2021

	Notes	***2021 RO***	*2020 RO*
Sales	4	**327,847**	654,164
Cost of sales	5	**(223,161)**	(511,809)
GROSS PROFIT		**104,686**	142,355
General and administration expenses	6	**(77,111)**	(78,738)
PROFIT BEFORE TAX		**27,575**	63,617
Tax expense	7	**(4,189)**	(9,610)
TOTAL PROFIT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR		**23,386**	54,007

The accompanying notes 1 to 18 form part of an integral part of financial statements.
The Report of the Independent auditor is set forth on pages 2 to 3(a).

HCL Muscat Technologies LLC

STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	Notes	2021 RO	2020 RO
ASSETS			
Non-current asset			
Furniture and equipment	13	**2,032**	2,602
Right of use assets	14	**5,938**	17,763
Prepayments and other receivables	8	**3,058**	3,078
		11,028	**23,443**
Current assets			
Due from related parties	12	**216,103**	267,144
Trade receivables		**58,495**	-
Deferred tax assets	7	**58**	-
Prepayments and other receivables	8	**11,937**	3,330
Contract assets	9	**-**	78,103
Bank balances and cash		**182,280**	412,626
		468,873	761,203
TOTAL ASSETS		**479,901**	784,646
EQUITY AND LIABILITIES			
Equity			
Share capital	10	**173,700**	173,700
Statutory reserve	11	**21,610**	19,271
Retained earnings		**194,484**	173,438
Total equity		**389,794**	366,409
Non-current liability			
Employees' end of service benefits	15	**4,918**	16,617
Lease Liability	14	**-**	6,013
		4,918	22,630
Current liabilities			
Due to related parties	12	**9,087**	350,985
Accruals and other payables	16	**65,649**	22,900
Income tax payable	7	**4,323**	9,550
Deferred tax liabilties	7	**-**	113
Lease Liability	14	**6,130**	12,059
		85,189	395,607
Total liabilities		**90,107**	418,237
TOTAL EQUITY AND LIABILITIES		**479,901**	784,646

These financial statements were approved and signed on behalf of the shareholders on July 19, 2021 by :

Sundar~~am Sridharan~~
(Manager)

The accompanying notes 1 to 18 form part of an integral part of financial statements.
The Report of the Independent auditor is set forth on pages 2 to 3(a).

STATEMENT OF CASH FLOWS

Year ended 31 March 2021

	Notes	***2021*** ***RO***	*2020* *RO*
OPERATING ACTIVITIES			
Profit for the year		**27,575**	63,617
Adjustments for:			
Depreciation	*13*	**12,486**	12,023
Interest expense	*14*	**368**	778
Accrual for employees' end of service benefits	*15*	**1,163**	5,310
		41,592	81,728
Changes in			
Due from related parties	*12*	**51,041**	(139,101)
Trade receivables		**(58,495)**	-
Prepayments and other receivables	*8*	**(8,680)**	(1,287)
Contract assets	*9*	**78,103**	106,925
Due to related parties	*12*	**(341,898)**	338,617
Accruals and other payables	*16*	**42,750**	(148,448)
Cash flows (used in)/from operating activities		**(195,587)**	238,434
Employees' end of service benefits paid	*15*	**(12,862)**	(2,054)
Income tax paid	*7*	**(9,587)**	(13,878)
Net cash flows (used in)/generated from operating activities		**(218,036)**	222,502
Cash flows used in investing activities			
Purchase of Computers	*13*	**-**	(2,294)
Net cash flows used in investing activities		**-**	(2,294)
Cash flows used in financing activities			
Payment of lease Liability (including interest)	*14*	**(12,310)**	(12,312)
Net cash flows used in financing activities		**(12,310)**	(12,312)
INCREASE IN CASH AND CASH EQUIVALENTS		**(230,346)**	207,896
Bank balances and cash at 1 April		**412,626**	204,730
CASH AND CASH EQUIVALENTS AT 31 MARCH		**182,280**	412,626

The accompanying notes 1 to 18 form part of an integral part of financial statements.
The Report of the Independent auditor is set forth on pages 2 to 3(a).

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2021

	Share capital RO	*Statutory reserve RO*	*Retained earnings RO*	*Total equity RO*
Balance at 1 April 2019	173,700	13,870	124,832	312,402
Profit and total comprehensive income for the year	-	-	54,007	54,007
Transfer to statutory reserve	-	5,401	(5,401)	-
Balance at 31 March 2020/1 April 2020	173,700	19,271	173,438	366,409
Profit and total comprehensive income for the year	**-**	**-**	**23,386**	**23,386**
Transfer to statutory reserve	**-**	**2,339**	**(2,339)**	**-**
Balance at 31 March 2021	**173,700**	**21,610**	**194,484**	**389,794**

The accompanying notes 1 to 18 form part of an integral part of financial statements.
The Report of the Independent auditor is set forth on pages 2 to 3(a).

1 ACTIVITIES

HCL Muscat Technologies LLC ('the Company') is a limited liability Company registered and incorporated in the Sultanate of Oman. The Company is engaged in system analysis, retail, data preparation and is also engaged in sale of software.

The registered address of the Company is at P O Box 29, Postal Code 135, Sultanate of Oman. The Company was established on 13 December 2015 and commenced operations from 17 December 2015.

The immediate parent company is HCL Bermuda Limited and ultimate parent company during the financial year is HCL Technologies Limited, incorporated in India.

2 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation:

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and relevant requirements of the Commercial Companies Law of the Sultanate of Oman.

The financial statements are prepared under the historical cost convention and have been presented in Rial Omani.

b) Changes in significant accounting policies

The accounting policies applied in these financial statements are the same as those applied in the financial statements as at and for the year ended 31 March 20.

c) Financial assets

Initial Recognition

On initial recognition, a financial asset is classified as measured at amortised cost; fair value through other comprehensive income – debt instruments; fair value through other comprehensive income – equity instruments; or fair value through profit or loss.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Equity instruments which are not held for trading or issued as contingent consideration in business combination, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss. This election is made on an investment-by-investment basis.

Debt instruments where the contractual cash flows are solely principal and interest and the objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets.

Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets, at initial recognition, may be designated at fair value through profit or loss, if the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognizing gains or losses on them on a different basis.

Financial liabilities

Financial liabilities are measured at amortised cost or fair value through profit or loss. A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities, at initial recognition, may be designated at fair value through profit or loss if the following criteria are met:

a) The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis;
b) The liabilities are part of a group of financial liabilities which are managed and their performance evaluated on fair value basis, in accordance with a documented risk management strategy; or
c) The financial liability contains an embedded derivative that would otherwise need to be separately recorded.

Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognised in the statement of profit or loss.

Subsequent measurement

Financial assets

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Any gain or loss on derecognition is recognised in the statement of profit or loss.

Financial assets at fair value through other comprehensive income

a) Debt instruments

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Other net gains and losses are recognised in the statement of other comprehensive income. On derecognition, gains and losses accumulated in the statement of other comprehensive income are reclassified to the statement of profit or loss.

b) Equity instruments

These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in the statement of other comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets at fair value through profit or loss

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest method, if applicable. The effective interest method is the method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Interest expense and foreign exchange gains and losses are recognised in the statement of profit or loss. Any gain or loss on derecognition is also recognised in the statement of profit or loss.

Reclassification

Financial assets

The Company only reclassify financial assets if, and only if, the objective of the business model for managing those financial assets is changed. Such changes are expected to be very infrequent as these changes must be significant to the Company's operations and demonstrable to external parties.

The Company determines that its business model has changed in a way that is significant to its operations, than it reclassifies all affected assets prospectively from the first day of the next reporting period (the reclassification date). Prior periods are not restated.

Financial liabilities

The Company determines the classification of financial liabilities on initial recognition. Subsequent reclassification is not allowed.

Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of profit or loss.

Financial liabilities

If the terms of a financial liability are modified and the cash flows of the modified liability are substantially different then, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the statement of profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

a) The rights to receive cash flows from the asset have expired; or
b) The Company retains the right to receive cash flows from the asset, but assumes an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
c) The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in the statement of other comprehensive income is recognised in the statement of profit or loss.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company’s continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Impairment of financial asset

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' ('ECL') model. This requires considerable judgement about how changes in economic factors affect expected credit losses, which will be determined on a probability-weighted basis.

The Company recognises loss allowances for ECLs on financial assets measured at amortised cost.

Measurement of loss allowances

The financial assets at amortized cost consist of trade receivables, cash at banks, due from related parties, loan to a related party, retention receivables and contract assets. Under IFRS 9, loss allowances are measured on either of the following basis:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company measures loss allowances for its financial assets measured at amortized cost at an amount equal to lifetime ECLs.

General approach

The Company applies three-stage approach to measuring ECL. Assets migrate through the three stages based on the change in credit quality since initial recognition. Financial assets with significant increase in credit risk since initial recognition, but not credit impaired, are transitioned to stage 2 from stage 1 and ECL is recognized based on the probability of default (PD) of the counter party occurring over the life of the asset. All other financial assets are considered to be in stage 1 unless it is credit impaired and an ECL is recognized based on the PD of the customer within next 12 months. Financial assets are assessed as credit impaired when there is a detrimental impact on the estimated future cash flows of the financial asset. The Company applies general approach to all financial assets except trade receivable and contract assets without significant financing component.

Simplified approach

The Company applies simplified approach to measuring credit losses, which mandates recognition of lifetime expected loss allowance for trade receivables without significant financing component. Under simplified approach, there is no need to monitor for significant increases in credit risk and the Company will be required to measure lifetime expected credit losses at all times

When determining whether the credit risk of a financial asset has increased significantly since the initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company assumes that the credit risk on a financial asset has significantly increased since initial recognition while estimating expected credit loss, when there is objective evidence or indicator for the financial assets. Examples of such indicators include:

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Impairment of financial asset (continued)

- Significant financial difficulty of the borrower or issuer;
- Delinquency by borrower;
- Restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a borrower or issuer will enter bankruptcy;
- The disappearance of an active market for a security (if any); or
- If it past due for more than 180 days.

IFRS 9 does not define the term ‘default’, but instead requires each entity to do so. The definition has to be consistent with that used for internal credit risk management purposes for the relevant financial instrument, and has to consider qualitative indicators – e.g. breaches of covenants – when appropriate.

The Company considers a financial asset to be in default when the counter party is unlikely to pay its credit obligations to the Company in full (based on indicators above), without recourse by the Company to actions such as realising security (if any is held); or the financial asset is more than 180 days past due.

An asset is credit-impaired if one or more events have actually occurred and have a detrimental impact on the estimated future cash flows of the asset.

The term 'significant increase in credit risk' is not defined in IFRS 9. An entity decides how to define it in the context of its specific types of instruments. An entity assesses at each reporting date whether the credit risk on a financial instrument has increased significantly since initial recognition. To make the assessment, an entity considers changes in the risk of default instead of changes in the amount of expected credit losses.

The impairment model in IFRS 9 is symmetrical, and assets can move into and out of the lifetime expected credit losses category.

To be 'significant', a larger absolute increase in the risk of default is required for an asset with a higher risk of default on initial recognition than for an asset with a lower risk of default on initial recognition. Expected credit losses are a probability-weighted estimate of credit losses.

Financial assets that are not credit-impaired at the reporting date

Measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Financial assets that are credit-impaired at the reporting date

Measured as the difference between the gross carrying amount and the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate. Any adjustment is recognised in the statement of profit or loss as an impairment gain or loss.

Presentation of expected credit losses

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets and is charged to the statement of profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Impairment of financial asset (continued)

Write - off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

e) Revenue from Contracts with Customers

The Company recognises revenue from contracts with customers based on the five step model set out in IFRS 15:

Step 1 Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

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

Step 3 Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a 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 has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognise revenue when (or as) the entity satisfies a performance obligation.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Company's performance as and when the Company performs; or
2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Variable consideration

Variable consideration amounts are estimated at either their expected value or most likely amount and included in revenue to the extent that it is highly probable that the revenue will not reverse.

Significant financing component

The Company evaluates significant financing component, if the period between customer payment and the transfer of goods/ services (both for advance payments or payments in arrears) is more than one year. Company adjusts the

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Revenue from Contracts with Customers (continued)

promised amount of consideration for the time value of money using an appropriate interest rate reflecting the credit risk.

Contract modification

A contract modification occurs when the Company and the customer approve a change in the contract that either creates new enforceable rights and obligations or changes the existing enforceable rights and obligations. Revenue related to a modification is not recognised until it is approved. Approval can be in writing, oral, or implied by customary business practices.

The Company treats the contract modification as a separate contract if it results in the addition of a separate performance obligation and the price reflects the standalone selling price of that performance obligation. Otherwise, a modification (including those that only affect the transaction price) is accounted for as an adjustment to the original contract, either prospectively or through a cumulative catch-up adjustment.

The Company accounts for a modification prospectively if the goods or services in the modification are distinct from those transferred before the modification. Conversely, the Company accounts for a modification through a cumulative catch-up adjustment if the goods or services in the modification are not distinct and are part of a single performance obligation that is only partially satisfied when the contract is modified.

Cost of obtainment and fulfilment

The Company capitalises incremental costs to obtain a contract with a customer except if the amortisation period for such costs is less than one year.

If the costs incurred in fulfilling a contract with a customer are not in the scope of other guidance - e.g. inventory, intangibles, or property, plant and equipment - then the Company recognises an asset only if the fulfilment costs meet the following criteria:

- Relate directly to an existing contract or specific anticipated contract;
- Generate or enhance resources that will be used to satisfy performance obligations in the future; and
- Are expected to be recovered.

If the costs incurred to fulfil a contract are in the scope of other guidance, then Company accounts for such costs using the other guidance.

The Company amortises the asset recognised for the costs to obtain and/or fulfil a contract on a systematic basis, consistent with the pattern of transfer of the good or service to which the asset relates. In the case of an impairment, Company recognises these losses to the extent that the carrying amount of the asset exceeds the recoverable amount.

Revenue from the principal activities of the Company

Revenue from fixed price contracts is recognized as the performance obligation is satisfied over time based on the percentage of completion of the contract applying the input method where the stage of completion is calculated based on contract costs incurred to date as a percentage of total forecast costs.
The Company has determined that the customer controls all contract asset as it is being constructed. This is because under the contracts, assets are made to customer's specification and if a contract is terminated by the customer, then the Company is entitled to reimbursement of the costs incurred to date, including a reasonable margin.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables', 'cash and cash equivalents' and 'due from related parties' in the statement of financial position.

e) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its assets (or cash-generating units) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The loss arising on an impairment of an asset is determined as the difference between the recoverable amount and carrying amount of the asset and is recognised immediately in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount and the increase is recognised as income immediately, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised earlier.

f) Income tax

Taxation is provided for in accordance with Omani fiscal regulations.

Deferred income tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted at the reporting date.

g) Assets

Assets are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

Computers	3-5 years
Furniture and equipment	7 years
Right of Use assets	3 years (Amortization period)

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of equipment. All other expenditure is recognised in the statement of comprehensive income as the expense is incurred.

h) Leases

The Company, at inception of a contract, assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
- the Company has the right to operate the asset; or
- the Company designed the asset in a way that predetermines how and for what purpose it will be used.

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments (if any) that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee (if any); and
- the exercise price under a purchase option (if any) that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.The Company presents right-of-use assets that do not meet the definition of investment property in ‘Plant and equipment’ and lease liabilities in the statement of financial position.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of property and vehicles that have a lease term of 12 months or less. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

i) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months or less net of bank overdrafts.

j) Accounts receivable

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

l) Accounts payable and accruals

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

m) Provisions

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

n) Employees' end of service benefits

The Company provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to its national employees, the Company makes contributions to the Public Authority for Social Insurance Scheme under Royal Decree No. 72/91 calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

o) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the profit or loss statement.

3 KEY SOURCES OF ESTIMATION UNCERTAINITIES

a) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

b) Useful lives of property, plant and equipment

The Company's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

3 KEY SOURCES OF ESTIMATION UNCERTAINITIES (continued)

Taxes

Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and nature of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of finalisation of tax assessments. The amount of such provisions is based on various factors, such as experience of previous tax assessments and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

4 SALES

The disaggregated revenue from contracts with the customers by contract type is as follows:

	2021	*2020*
	Notes	*RO*
Fixed Price	**116,564**	654,339
Time & Material	**211,283**	(175)
	327,847	654,164

Revenue from customers by geographic area based on location of the customer is as follows:

Europe	**3,564**	-
Others	**324,283**	654,164
	327,847	654,164

Timing of revenue recognition		
Service provided over time	**327,847**	654,164
	327,847	654,164

5 COST OF SALES

	2021	*2020*
	RO	*RO*
Staff costs	**153,011**	219,175
Consulting charges	**60,686**	280,586
Travel costs	**2,366**	5,698
Other direct costs	**7,098**	6,350
	223,161	511,809

6 GENERAL AND ADMINISTRATION EXPENSES

	2021	*2020*
	RO	*RO*
Staff costs	**29,521**	31,885
Other administrative expenses	**32,520**	38,448
Professional expenses	**15,070**	8,405
	77,111	78,738

The Staff cost bifurcation is shown below:

	2021	*2020*
	RO	*RO*
In Cost of Sales	**153,011**	219,175
In General & Administrative Expenses	**29,521**	31,885
	182,532	251,060

7 TAXATION

	2021	*2020*
	RO	*RO*
Income tax charged to statement of comprehensive income		
Current income tax charge-current year	**4,323**	9,550
Prior Year under/(excess) Provision	**37**	-
Deferred tax charge-current year	**(121)**	60
Deferred tax Prior year under provision	**(50)**	-
	4,189	9,610

The reconciliation between the provision for income tax and amount computed by applying the statutory income tax rate is as follows:

	2021	*2020*
	RO	*RO*
Profit before income tax	**27,575**	63,617
Statutory tax rate	**15%**	15%
Expected tax expense	**4,136**	9,542
Non-taxable other income	**68**	68
Reversal of prior year provision	**(15)**	-
Total taxes	**4,189**	9,610
Effective income tax rate	**15.19%**	15.11%

Components of deferred tax assets and liabilities as on 31 March 2021

	Opening balance	***Recognized in Other comprehensive Income***	***Closing balance***
	RO	***RO***	***RO***
Deferred tax assets			
Unrealized Forex	-	71	71
Others	46	(17)	29
Gross Deferred tax assets (A)	46	54	100
Deferred tax liabilities			
Depreciation and amortization	138	(96)	42
Others	21	(21)	-
Gross Deferred tax liabilities (B)	159	(117)	42
Net Deferred tax assets/(liabilities) (A-B)	**(113)**	**171**	**58**

Components of deferred tax assets and liabilities as on 31 March 2020

Deferred tax liabilities			
Depreciation and amortization	39	99	138
Others	14	(39)	(25)
Net Deferred tax liabilities	**53**	**60**	**113**

Movement in income tax provision:

	2021	*2020*
	RO	*RO*
At the beginning of the year	9,549	13,877
Provided and expensed during the year	4,361	9,550
Payment during the year	(9,587)	(13,878)
At the end of the year	**4,323**	**9,549**

8 PREPAYMENTS AND OTHER RECEIVABLES

	2021	2020
Current Assets	***RO***	*RO*
Prepayments	**11,937**	3,330
	11,937	3,330
Non-Current Assets		
Deposits	**3,058**	3,078
	3,058	3,078

9 CONTRACT ASSETS

Contract assets : A contract asset is a right to consideration that is conditional upon factors other than the passage of time. Contract assets are recognized where there is excess of revenue over the billings. Revenue recognized but not billed to customers is classified either as contract assets or unbilled receivable in balance sheet. Contract assets primarily relate to unbilled amounts on fixed price contracts using the cost to cost method of revenue recognition. Unbilled receivables represents contracts where right to consideration is unconditional (i.e. only the passage of time is required before the payment is due).

Movements in the Contract assets recognised in the statement of financial position are as follows:

	2021	*2020*
	RO	*RO*
Balance as at beginning of the year	**78,103**	185,027
Less- Billing done during the year	**(173,098)**	(522,071)
Add- Revenue recognised but not billed during the year	**94,995**	415,147
Balance as at end of the year	-	78,103

10 SHARE CAPITAL

	Share	***2021***	*2020*
	%	***RO***	*RO*
HCL Bermuda LTD	**99.94%**	**173,596**	173,596
HCL EAS LTD	**0.06%**	**104**	104
Authorised, issued and fully paid	**100.00%**	**173,700**	173,700

The Company was established on 13 December 2015 as a Limited Liability Company with an authorized capital of RO 173,700. The Company's paid in capital consisted of 1,737 shares, each having a par value of RO 100.

11 STATUTORY RESERVE

Article 274 of the Commercial Companies Law of Oman 2019 requires that 10% of a company's net profit be transferred to a non-distributable legal reserve until the amount of the legal reserve becomes equal to a third of the company's issued share capital.

12 RELATED PARTY TRANSACTIONS

Related parties represent associated companies, major shareholders, 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 Company's management.

Transactions with the related parties included in the statement of comprehensive income are as follows:

	2021	*2020*
	RO	*RO*
Ultimate Holding Company:		
Consulting charges accured to ultimate holding company	***11424***	*5060*
Fellow Subsidiaries:		
Sales made/Services rendered to fellow subsidiaries		
HCL Technologies Belgium BVBA	**3,564**	-
HCL Technologies Limited- UAE Branch	**189,340**	239,192
HCL Technologies Middle East FZ-LLC	**-**	(175)
Consultation services rendered by fellow subsidiaries		
HCL Technologies (Shanghai) Limited	**793**	-
HCL Technologies Limited- UAE Branch	**42,222**	275,526
HCL Technologies France	**6,246**	-
Marketing Services rendered by fellow subsidiaries		
HCL Technologies Middle East FZ-LLC	**-**	7,094
	253,590	526,697

Balances with related parties included in the statement of financial position are as follows:

	2021	*2020*
	RO	*RO*
Amounts due to related parties		
Ultimate Holding Company:		
HCL Technologies Limited	**609**	22,025
Fellow subsidiaries:		
HCL Great Britain Limited	**1,264**	6,019
HCL Technologies (Shanghai) Limited	**793**	-
HCL Technologies France	**6,246**	-
HCL Technologies Limited- UAE Branch	**-**	322,766
HCL Technologies Middle East FZ- LLC	**175**	175
Amounts due from related parties		
Fellow subsidiaries:		
HCL Technologies Limited- UAE Branch	**216,103**	267,144

No key managerial compensation has been paid by the Company.

13 FURNITURE AND EQUIPMENT

	Furniture and equipment RO	***Computers RO***	***Total RO***
Cost:			
At 1 April 2020	780	2,294	3,074
Additions	-	-	-
At 31 March 2021	780	2,294	3,074
Depreciation:			
At 1 April 2020	403	69	472
Charge for the year	111	459	570
At 31 March 2021	514	528	1,042
Net carrying amount:			
At 31 March 2021	**266**	**1,766**	**2,032**

	Furniture and equipment RO	*Computers RO*	*Total RO*
Cost:			
At 1 April 2019	780	-	780
Additions		2294	2,294
At 31 March 2020	780	2,294	3,074
At 1 April 2019	292	-	292
Charge for the year	111	69	180
At 31 March 2020	403	69	472
Net carrying amount:			
At 31 March 2020	377	2,225	2,602

14 LEASES

Company as a lessee

The Company has lease contracts for land and buildings with lease terms between 1 and 3 years. The weighted-average rate applied is 3.50%.

(i) Amounts recognized in the statement of financial position

Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	2021 RO	***Buildings*** *2020 RO*
Balance as at 1 April	**17,763**	-
Adoption of IFRS 16 as at 1 April	**-**	29,606
Additions	**92**	-
Depreciation charge for the year	**(11,917)**	(11,843)
Balance as at 31 March	**5,938**	17,763

14 LEASES (continued)

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2021	*2020*
	RO	*RO*
Adoption of IFRS 16 as at 1 April	**18,072**	29,606
Additions	**-**	-
Accretion of interest	**368**	778
Payments	**(12,310)**	(12,312)
Balance as at 31 March	**6,130**	18,072
Current liability	**6,130**	12,059
Non-Current liability	-	6,013
	6,130	18,072

(ii) Amounts recognized in the statement of profit or loss

The following are the amounts recognised in profit or loss:

	2021	*2020*
	RO	*RO*
Interest Expense	**368**	778
Depreciation	**11,916**	11,843
	12,284	12,621

The Company had total cash outflows for leases of RO 12,310 in 2021. The following table sets out a maturity analysis of lease liabilities, showing the undiscounted lease liabilities after the reporting date.

	Future minimum lease payment	***Interest***	***Present value of minimum lease payments***
	RO	***RO***	***RO***
Not later than one year	**6,157**	**(27)**	**6,130**
Between one and three years	**-**	**-**	**-**
Balance as at 31 March 2021	**6,157**	**(27)**	**6,130**

15 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the liability recognised in the statement of financial position are as follows:

	2021	*2020*
	RO	*RO*
Liability as at 1st April	**16,617**	13,361
Provided during the year	**1,163**	5,310
Payments made during the year	**(12,862)**	(2,054)
Liability as at 31 March	**4,918**	16,617

16 ACCRUALS AND OTHER PAYABLES

	2021 RO	2020 RO
Other payables	**57,866**	15,790
Accrued expenses	**7,783**	7,110
	65,649	22,900

17 FINANCIAL RISK MANAGEMENT

Financial Risk Factors

The Company's activities expose it to a variety of financial risks, market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. Risk management is carried out by the management under policies approved by the Members.

a) Market risk

i) Foreign exchange risk

The majority of the Company's financial assets and financial liabilities are denominated either in Omani Rial or currencies effectively pegged against the Omani Rial. Hence, the management believes that there would not be a material impact on the profitability if these foreign currencies weaken or strengthen against the Omani Rial with all other variable held constant.

The Company's exposure to foreign currency risk is as follows:

Year ended 31 March 2021	AED	EUR	GBP	USD
Accruals and other payables	-	-	-	-
Due to related parties	-	**143**	**2,507**	-
Gross Exposure	**-**	**143**	**2,507**	**-**

Year ended 31 March 2020	AED	EUR	GBP	USD
Accruals and other payables	12,000	-	2,507	2,882
Due to related parties	2,670,073	11,457	-	-
Gross Exposure	2,682,073	11,457	2,507	2,882

The following significant exchange rates applied during the year:

	Average rate		Spot rate	
	2021	2020	**2021**	2020
AED	**0.1048**	0.1048	**0.1048**	0.1049
EUR	**0.4491**	0.4278	**0.4519**	0.4213
GBP	**0.5031**	0.4895	**0.5302**	0.4757
USD	**0.3849**	0.3849	**0.3848**	0.3851

17 FINANCIAL RISK MANAGEMENT (continued)

a) Market risk (continued)

i) Foreign exchange risk (continued)

Sensitivity analysis

A 10 percent strengthening / (weakening) of the Rial Omani against the following currencies at 31 March would have increased / (decreased) net profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for the year ended March 2020.

	2021	*2020*
	RO	*RO*
AED	**12,081**	(281,246)
EUR	**6**	(4,827)
GBP	**(133)**	(1,192)
USD	**5,239**	76,995

ii) 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 interest rates. The Company manages its exposure to interest rate risk on bank borrowings by ensuring that they are on fixed rate basis.

ii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As the Company has no exposure to investments and therefore does not have the risk of fluctuation in prices.

b) 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, and arises primarily from the receivables from customers, bank balance, balance due from related party.

The maximum exposure to credit risk on trade and other receivables, amount due from related parties and members and balances with banks is limited to their carrying values at the reporting date as follows:

	2021	*2020*
	RO	*RO*
Due from related parties	**216,103**	267,144
Bank balances and cash	**182,280**	412,626
	398,383	679,770

17 FINANCIAL RISK MANAGEMENT (continued)

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The contractual maturities of Company's undiscounted financial liabilities at reporting date is as below:

Year ended 31 March 2021	***Carrying Amount***	***Contractual Cashflows***	***Less than a year***	***More than a year***
	RO	***RO***	***RO***	***RO***
Accruals and other payables	**65,649**	**65,649**	**65,649**	-
Lease Liability	**6,130**	**6,157**	**6,157**	**-**
	80,866	**80,893**	**80,893**	**-**

Year ended 31 March 2020	*Carrying Amount*	*Contractual Cashflows*	*Less than a year*	*More than a year*
	RO	*RO*	*RO*	*RO*
Due to related parties	350,985	350,985	350,985	-
Accruals and other payables	22,900	22,900	22,900	-
Lease Liability	18,072	18,468	12,312	6,156
	391,957	392,353	386,197	6,156

Capital risk management

The capital is managed by the Company in a way that it is able to continue as a going concern while maximum returns to stakeholders. The capital of the Company consists of share capital, reserves and accumulated profits. The Company manages its capital by making adjustments in dividend payments and bringing additional capital in light of changes in business conditions. The Company’s capital requirements are determined by the Oman’s Commercial Companies Law of 2019.

Fair value of financial instruments

Financial instruments consist of financial assets and liabilities. Financial assets and liabilities carried in the statement of financial position include cash and bank balances, trade and other receivable, trade and other payables, due from and due to related parties. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The fair values of the Company’s financial assets and liabilities are not materially different from their carrying amounts at the reporting date.

Capital management

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

18 EVENTS AFTER THE REPORTING PERIOD

The global outbreak of COVID-19 virus has severely impacted businesses and economies worldwide. This has led to significant business disruptions and economic uncertainties. As far as the Company's business is concerned, the outbreak did not have a significant impact on its businesses.
The Company has been closely monitoring the evolving situation and taking all necessary precautions, in line with the local government guidelines. The Company has put certain contingency measures which include the following:
a)The Company is working constantly with customers and partners to maintain the supply of goods and services, by maximizing the use of remote service tools.

b) Where possible, the Company is adjusting resources to meet the anticipated slow-down in demand and eliminating non-essential costs.

c) Precautionary actions to ensure health and safety of employee.

d) The Company will keep contingency measures under review as the situation evolves.